

STUDY  
COMMISSION  
REPORTS

*File  
#139*

**THE  
HOUSE  
WE  
LIVE  
IN**

RECEIVED

FEB 17 1983

INSTITUTE OF GOVERNMENT  
UNIVERSITY OF NORTH CAROLINA  
LIBRARY

**THE COMMISSION TO STUDY HOUSING PROGRAMS  
IN NORTH CAROLINA**

**JANUARY 1983**



THE HOUSE WE LIVE IN

Report of the Commission to Study the  
Housing Programs in North Carolina

January 1983

CREDITS

Chairman - Representative Ruth E. Cook (Democrat-Wake)

Vice-Chairman - Senator Robert B. Jordan, III (Democrat-Montgomery)

Staff work by the Office of State Budget and Management

Compiled and written by Peggy Payne

Cover design by James T. Quinn



North Carolina General Assembly  
House of Representatives  
State Legislative Building  
Raleigh 27611

RUTH E. COOK  
15TH DISTRICT—WAKE COUNTY  
HOME ADDRESS: 3413 CHURCHILL ROAD  
RALEIGH, NORTH CAROLINA 27607

January 1983

COMMITTEES:  
APPROPRIATIONS BASE BUDGET COMMITTEE  
ON HUMAN RESOURCES  
CHAIRMAN  
APPROPRIATIONS EXPANSION BUDGET  
COMMITTEE ON HUMAN RESOURCES  
VICE CHAIRMAN  
HUMAN RESOURCES  
VICE CHAIRMAN  
MENTAL HEALTH  
VICE CHAIRMAN  
BANKS & THRIFT INSTITUTIONS  
CORRECTIONS  
JUDICIARY I  
PUBLIC UTILITIES

To the Governor of North Carolina, the President of the Senate, the Speaker of the House and the Members of the 1983 General Assembly:

The Commission to Study the Housing Programs in North Carolina was authorized by the 1981 General Assembly, Chapter 950, House Bill 1230, to study the effectiveness of the state's efforts to meet its citizens' housing needs.

The Commission now presents the recommendations and conclusions from its study. These proposals are the result of a year and a half of research and discussion. The full panel has met fifteen times, listening to many knowledgeable speakers on the problems of housing in North Carolina. In addition, committees have studied state housing policy, the economics of housing and housing needs in the state. We have found ways in which the government of North Carolina could do a better job on its part to insure safe and adequate housing. These findings received a public hearing, and public reaction gathered in that meeting was useful in preparing this report.

The membership of the Commission itself has come from a diversity of backgrounds, representing consumers, government agencies, elected officials and the housing and lending industries. It has been a hard-working group. The results of the work of this Commission are now offered for your consideration.

Respectfully submitted,

A handwritten signature in black ink that reads "Ruth E. Cook". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Representative Ruth E. Cook  
Chairman, Commission to Study the  
Housing Programs in North Carolina



TABLE OF CONTENTS

	<u>Page</u>
1. Letter of transmittal.....	1
2. Executive Summary.....	5
3. Commission membership.....	13
4. Acknowledgements.....	15
5. Legislative authorization.....	17
6. Introduction.....	21
7. Recommendations on state housing policy.....	22
8. Recommendations on economics of state housing.....	29
9. Recommendations on state housing needs.....	37
10. Appendix I: List of bills recommended.....	I.1
11. Appendix II: Copies of bills recommended.....	II.1
12. Appendix III: Supplementary documents.....	III.1
13. Appendix IV: List of speakers to the Commission.....	IV.1
14. Appendix V: Summary of state involvement in housing.....	V.1



Digitized by the Internet Archive  
in 2013

<http://archive.org/details/housewelveinrep19comm>



## EXECUTIVE SUMMARY

The Commission to Study Housing Programs in North Carolina makes the following recommendations, listed in order of their priority.

- RECOMMENDATION 1: Develop a state housing policy to define the goals and responsibilities of North Carolina government in the provision of housing ..... Page 23
- RECOMMENDATION 2: Establish a North Carolina Housing Commission to coordinate responsibility in state government for the state's role in housing ..... Page 24  
(See draft of bills: AN ACT TO ESTABLISH THE  
NORTH CAROLINA HOUSING COMMISSION..... page II.3
- RECOMMENDATION 3: Establish standing Committees on Housing in the North Carolina House of Representatives and the North Carolina Senate to handle housing legislation ..... Page 26
- RECOMMENDATION 4: Enact a statewide minimum housing code, setting standards that will include safe and adequate plumbing and electrical systems ..... Page 40  
(See draft of bill: AN ACT TO PROVIDE A STATE-WIDE MINIMUM HOUSING CODE..... page II.19)

4a: Clarify the General Statutes to show that  
counties have the authority to establish housing  
codes ..... Page 41  
(See draft of bill: ENFORCEMENT POWERS OF  
MINIMUM HOUSING STANDARDS BY COUNTIES.. page II.25)

4b: State clearly in North Carolina law that minimum  
housing standards apply to mobile homes ..... Page 42  
(See draft of bill: AN ACT TO MAKE THE MINIMUM  
HOUSING STANDARDS APPLY TO MOBILE  
HOMES..... page II.27)

RECOMMENDATION 5: Establish a technical assistance staff for state  
housing improvement efforts ..... Page 27  
(See draft of bill: APPROPRIATE FUNDS TO CREATE  
A TECHNICAL ASSISTANCE FORCE..... page II.7)

RECOMMENDATION 6: Create a revolving fund as a pilot project to  
assist people of low and moderate incomes in the  
purchase of homes ..... Page 31  
(See draft of bill: APPROPRIATE FUNDS FOR A  
HOMEOWNERSHIP ASSISTANCE FUND..... page II.9)

- RECOMMENDATION 7: Establish as a pilot project a multi-family rental housing construction fund ..... Page 32  
(See draft of bill: APPROPRIATE FUNDS FOR A RENTAL HOUSING CONSTRUCTION FUND..... page II.11)
- RECOMMENDATION 8: Allow the Housing Finance Agency to make loans to lenders who, in turn, would make mortgage loans for residential housing ..... Page 33  
(See draft of bill: AUTHORIZE THE NORTH CAROLINA HOUSING FINANCE AGENCY TO MAKE LOANS TO MORTGAGE LENDERS..... page II.13)
- RECOMMENDATION 9: Include among appointments to the Board of Directors of the Housing Finance Agency a representative of local government and a member of the North Carolina Housing Commission ..... Page 28
- RECOMMENDATION 10: Expand home-improvement assistance for the low-income elderly ..... Page 47  
(See draft of bill: APPROPRIATE FUNDS FOR A PILOT PROGRAM TO ASSIST ELDERLY, LOW-INCOME HOMEOWNERS ..... page II.39)

RECOMMENDATION 11: Protect the rights of tenants in units to be  
converted to condominiums by requiring that  
notice of conversion be given and that tenants  
have right of first refusal to purchase their  
units ..... Page 34

RECOMMENDATION 12: Allow local governments to spend property taxes  
on housing ..... Page 45  
(See draft of bill: ALLOW LOCALITIES TO LEVY  
AD VALOREM TAXES FOR HOUSING PROGRAMS.. page II.31)

RECOMMENDATION 13: Allow local governments to spend income from sales  
tax on housing ..... Page 45  
(See draft of bill: ALLOW LOCALITIES TO SPEND  
SALES TAX REVENUE ON HOUSING..... page II.33)

RECOMMENDATION 14: Include mobile homes in the programs of the  
Housing Finance Agency.  
(See draft of: A RESOLUTION REGARDING FINANCING  
OF MOBILE HOMES..... page II.43)

Treat mobile and modular homes in zoning decisions  
equally with housing constructed on-site.

(See draft: A RESOLUTION REGARDING ZONING

CONSIDERATIONS..... page II.41)

Require that operators of mobile home lots with  
25 or more spaces offer, as an option, six-month,  
fixed-rate leases.

(See draft of bill: AN ACT TO REQUIRE LESSORS

OF MOBILE HOME LOTS TO OFFER SIX-MONTH

LEASES..... page II.37)

Encourage the Department of Human Resources to  
improve mobile home park sanitation ..... Page 48

RECOMMENDATION 15: Make affordable housing more easily available

through the following actions:

State and local agencies should, in writing

their regulations, carefully consider the effect

of these on-site development costs ..... Page 35

The Department of Natural Resources and Community

Development should use its allocation of Community Development Block Grant funds in ways that improve the quality and enlarge the supply of affordably priced housing ..... Page 42

The Housing Finance Agency should work with local housing authorities in the issuance of tax exempt bonds to finance construction of and rehabilitation work on local multi-family housing ..... Page 45

Public housing authorities should be allowed to exercise their power of eminent domain without, as now required, applying to the Utilities Commission for a certificate of convenience.

(See bill draft: AN ACT TO REPEAL THE REQUIREMENT FOR A CERTIFICATE OF CONVENIENCE ... page II.35).. Page 46

In the interest of insuring the availability of adequate funds to finance housing, further study should be given to the possibility of legislation enabling mergers and acquisitions of banks with savings and loan associations ..... Page 37

RECOMMENDATION 16: Take the position before the U.S. Congress that  
the federal shift of low-income housing respon-  
sibilities to the state level must be accom-  
panied by sufficient funding ..... Page 44  
(See draft resolution: OPPOSITION TO FEDERAL  
TERMINATION OF LOW-INCOME HOUSING  
PROGRAMS..... page II.29)

RECOMMENDATION 17: Follow pending federal legislation to offer a  
tax deduction of some savings for first-time  
home purchase. If this is enacted, North Carolina  
should take similar action at the state level ..... Page 36  
(See draft: A JOINT RESOLUTION MEMORIALIZING  
CONGRESS TO PASS LEGISLATION AUTHORIZING TAX  
DEDUCTIONS..... page II.45)

RECOMMENDATION 18: Repeal the income tax exemption on the first \$200  
of interest on savings in North Carolina banks  
and savings and loan associations ..... Page 36  
(See draft of bill: REPEAL THE PARTIAL INCOME TAX  
EXCLUSION ON INTEREST..... page II.17)





Members - North Carolina Housing Programs Study Commission

Gubernatorial Appointees:

Mr. William Breeze  
Route 2  
Rougemont, North Carolina 27572  
(Subsidized Housing Management)

Mr. Robert Harrington  
Post Office Box 40  
Lewiston, North Carolina 27849  
(Manufactured Housing)

Dr. Michael A. Stegman  
Department of City and  
Regional Planning  
University of North Carolina  
Chapel Hill, North Carolina 27514  
(Community Planner)

Mr. Wade H. Thomas  
51 Downing Street  
Asheville, North Carolina 28806  
(Public Member)

Mr. David Weil  
Weil Enterprises  
Post Office Box 2063  
Goldsboro, North Carolina 27530  
(Public Housing Policy)

Ms. Leslie J. Winner  
Chambers, Ferguson, Watt, Wallas,  
Adkins and Fuller, P.A.  
Suite 730 E. Independence Plaza  
951 South Independence Boulevard  
Charlotte, North Carolina 28202  
(Public Member)

Speaker of the House Appointees:

Representative George Brannan  
Holt Lake Nursery, Inc.  
Route 4, Box 134  
Highway 301 South  
Smithfield, North Carolina 27577  
(House Member)

\*Representative Ruth E. Cook  
3413 Churchill Road  
Raleigh, North Carolina 27607  
(House Member)

Mr. Michael Ferguson  
Ferguson Realty and Auction  
1031 Balsam Road  
Waynesville, North Carolina 28786  
(Realtor)

Mrs. Mickey Hanula  
305 Brooks Avenue  
Raleigh, North Carolina 27607  
(Public Member)

Mr. Jim Moore  
First Union National Bank  
Post Office Box 127  
Sylva, North Carolina 28779  
(Mortgage Banker)

\*Commission Chairman

Members - North Carolina Housing Programs Study Commission

-ii-

President of the Senate Appointees:

Senator James B. Garrison  
2121 Charlotte Road  
Albemarle, North Carolina 28001  
(Senate Member)

Mr. Joe E. Harris  
Mutual Savings and Loan Association  
Post Office Box 648  
Elkin, North Carolina 28621  
(Savings and Loan Member)

Mr. Carl Johnson  
36A Hillcrest Apartments  
Asheville, North Carolina 28801  
(Public Member)

\*\*Senator Robert B. Jordan, III  
Post Office Box 98  
Mt. Gilead, North Carolina 27306  
(Senate Member)

Mr. Durwood Stephenson  
Post Office Box 1187  
Smithfield, North Carolina 27577  
(Builder Member)

Ex-Officio Members:

Treasurer Harlan E. Boyles  
Department of State Treasurer

Deputy Secretary James Summers (for  
Secretary Grimsley)  
Department of Natural Resources and  
Community Development

\*\*Commission Vice Chairman

#### ACKNOWLEDGEMENTS

A broad-based study of housing in a state with the diversity of North Carolina is a massive undertaking. Without the interest, advice and assistance of many individuals and groups, this study would not have been possible. The Commission, in particular, wishes to thank Robert S. Brinson, James B. Newman, Jr., Robert O. Nelson, Charles H. Clements, Allen J. Barwick and the Office of State Budget and Management as the principal staff to the Commission. They provided the needed research and administrative skills for the Commission and marshalled the resources to meet the Commission's goals. Additional thanks go to Peggy Payne, who wrote the report, translating a collection of Commission ideas and resolutions into a readable form, to Harriet Kestenbaum, whose research skills ensured that proposals were well-founded and to Bettie Simpkins, the Commission stenographer, who recorded the extensive testimony and discussion that led to the proposals presented herein.

The staff of the North Carolina Housing Finance Agency provided significant assistance. They represent the state's major housing effort, and their knowledge was invaluable.

The Department of Natural Resources and Community Development and its Division of Community Assistance are the administrators of the federal block grant funds critical to housing in North Carolina. As such, they provided important analyses and responses to suggestions on the use and administration of these funds.

Legislation is the forerunner of law, and the Legislative staff provided

important input to the Commission. Special thanks should go to Beth Christensen of the Fiscal Research Division and to Gerry Cohen and the entire staff of Legislative Bill Drafting; the number of proposed bills and the skill with which they are drawn represent only a small part of their effort.

Finally, the Commission expresses its appreciation for the interest of North Carolina's citizens: for those who testified before the Commission, for those who spoke at the public hearing, for those who wrote about their concerns and their recommendations and for those who followed the Commission's progress. Appendix IV provides a listing of many of these people and of various related organizations.

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1981  
RATIFIED BILL

CHAPTER 950

HOUSE BILL 1230

AN ACT AUTHORIZING A STUDY OF THE STATE'S HOUSING PROGRAMS.

Whereas, the State has a number of persons who live in substandard housing; and

Whereas, the State has many programs aimed at reducing the number of persons who live in substandard housing and improving the housing of its citizens; and

Whereas, the federal housing programs in which the State participates are undergoing significant change; and

Whereas, the State is committed to improving the housing of its citizens; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. There is created the Commission to Study the Housing Programs in North Carolina. The study includes but is not limited to housing programs administered by the Departments of Administration, Commerce, Insurance, and Natural Resources and Community Development and by the Housing Finance Agency in the Office of State Budget and Management.

Sec. 2. The Commission shall consist of 18 members, as follows: The Secretary of the Department of Natural Resources and Community Development shall serve ex officio, and the State Treasurer shall serve ex officio. The President of the Senate shall appoint five members, including two members of the Senate, one representative of the savings and loan business, one

representative of the home building business, and one member with no housing industry ties. The Speaker of the House of Representatives shall appoint five members, including two members of the House of Representatives, one representative of the mortgage-servicing business, a licensed real estate broker, and one member with no housing industry ties. The Governor shall appoint six members, including a community planner, a representative of the subsidized housing management business, a specialist in public housing policy, a representative of the manufactured housing industry, and two members with no housing industry ties. Any vacancy shall be filled by the appointing authority who appointed the person causing the vacancy.

Sec. 3. The Commission shall meet initially at the call of the Secretary of Natural Resources and Community Development and shall elect from its membership a chairman and vice-chairman.

Sec. 4. The study shall include but is not limited to the following areas: the State's past, present and future housing policies; the effect of the State's housing programs on North Carolina's economy including the home-building industry, the supply of housing mortgage funds, and the cost of capital in the private sector; and the effectiveness of the State's housing programs in meeting the housing needs of its citizens including reducing the number of substandard housing units, increasing the number of standard units, and reducing the lifetime costs of housing and improving the safety of housing.

Sec. 5. The Commission shall submit a written report to the Governor and the 1983 General Assembly before February 1,

1983.

Sec. 6. Necessary professional and clerical assistance shall be provided by the Management Section in the Office of State Budget and Management. The Commission may hold its meetings in legislative buildings with prior approval from the Legislative Services Commission.

Sec. 7. Members of the Commission who are also members of the General Assembly shall be paid subsistence and travel expenses at the rate set forth in G.S. 120-3.1. Members of the Commission who are officials or employees of the State shall receive travel allowances at the rate set forth in G.S. 138-6. All other members of the Commission shall be paid the per diem and allowances at the rates set forth in G.S. 138-5.

Sec. 8. Actual expenses of the Commission, other than staff support from the Office of State Budget and Management, may be requested from the Contingency and Emergency Fund.

Sec. 9. This act is effective upon ratification.

In the General Assembly read three times and ratified,  
this the 10th day of July, 1981.

JAMES C. GREEN

James C. Green

President of the Senate

LISTON B. RAMSEY

Liston B. Ramsey

Speaker of the House of Representatives



## INTRODUCTION

In 1981 a group of eighteen citizens began to study the state of North Carolina's part in the housing of its people. Consumers, builders, bankers, realtors, legislators, public housing officials and others were among the people appointed to the Commission.

Now the Commission to Study the Housing Programs in North Carolina, established by the 1981 North Carolina General Assembly, brings to the public some ways to improve "the house we live in." These recommendations are based on several principles and goals, and on the fact that many North Carolinians are now living in substandard housing.

The state of North Carolina has a commitment to improve, within its limited resources, the housing of its citizens. Housing is and will continue to be made available largely through private enterprise, as homes are a private and personal domain. One of the guiding principles of these recommendations is the state's intent to maintain a healthy housing industry to provide safe and sanitary housing for all the people of the state.

To make decent dwellings available to North Carolinians at a reasonable percentage of their income is the goal that the state, in its housing policy, should seek. The price of utilities should be considered in assessing a housing cost that is within reach of the state's citizens. Owning a residence should be possible for young families, for people who have never before held title to their own homes. The economic hardships of these times should not place

homeownership out of reach of the many who do not own the place where they live. The state should use its resources to allow lenders and homebuilders to provide this affordable housing.

The Commission offers the following recommendations, as ways that the state can help to make housing available to more North Carolina citizens, and to take steps to make "the house we live in" safe and sound.

#### STATE HOUSING POLICY

The state's role in the provision of housing should be clearly defined. The relationship of the state to local governments and to the producers of housing for low-income people should also be specified.

Then, for its own part in providing adequate housing, the government of the state should draw a housing policy, to outline the immediate goals and priorities for diminishing a problem too large to solve all at once. This policy should address a wide range of housing needs and identify the communities and the population groups that have the greatest needs.

The state should show in its policy the ways that it will proceed in carrying out its housing responsibilities. These responsibilities should rest with an agency or office that is accountable to the public. This body should be made of appointees who come from a variety of backgrounds, including consumers, lenders, realtors, local government officials, developers and others. The members should also provide wide geographic representation.

The action of this agency should be based on a state housing plan, and a careful monitoring of this work should show how well it succeeds in replacing

substandard housing with better alternatives. The state should put money into its commitment toward better housing; and better housing should be a high priority in the state's use of its federal funds.

RECOMMENDATION: Develop a state housing policy.

The housing policy of the state of North Carolina should define the responsibilities and goals of state government in the provision of housing for its citizens.

Many of the agencies of North Carolina government are involved in housing matters (see summary, Appendix V). The state needs a coordinated and systematic approach in its housing programs. A housing policy for North Carolina would make clear the purposes of state government in this area, and it would outline the ways that agencies should work to meet these goals. The policy of North Carolina in housing should contain consideration of all the kinds of housing problems of the state's population. Programs should be designed to assist in meeting goals as diverse as: making homeownership more affordable, improving the housing conditions of very low-income people, protecting the health of the housing industry, finding adequate shelter for the elderly.

The housing programs of North Carolina should have adequate support from the state's General Fund. In its power to allocate federal funds, the state should do all it can to keep housing a high priority. Unusually great need in a community, region or among groups of people should be one of the important considerations in the allocation of the state's housing assistance. The capacity of local governments to use housing funds, their intention to do so and their

ability to use these funds to bring in other resources should also be considered.

The state should encourage industry to provide affordable housing by streamlining state rules and regulations and other barriers. Cooperation between businesses and government needs to be made easier by avoiding duplication of efforts. Nonconventional producers of low-income housing, such as self-help programs and nonprofit sponsors, should be recognized as important in the effort to improve the state's housing. The state should study ways to encourage contributions to Neighborhood Housing Services, which emphasize private reinvestment in the improvement of housing, and other similar organizations. The state's policy should promote the development of creative and innovative means of financing that can make homes more affordable yet protect the long-term investment of consumers.

**RECOMMENDATION:** Establish a North Carolina Housing Commission.

The North Carolina Housing Commission should be established in the Office of the Governor. Its purpose would be to define the goals and responsibilities of state government in meeting the housing needs of North Carolina citizens. It should be the agency responsible for recommending state housing policy to the Governor and the General Assembly.

The Commission's members should be appointed by the Governor and by the General Assembly on the recommendation of the President of the Senate and the Speaker of the House. Four additional seats should be filled by ex officio members. This membership will offer wide geographic representation and appointees

from a variety of backgrounds, including builders, consumers, government officials, land developers, lenders and others.

This Commission should then prepare a state housing action plan to be revised and updated every two years. The plan should outline short-term objectives in solving the state's housing problems. The state's efforts to meet these goals would be coordinated by the Housing Commission.

This agency should invite and encourage public participation in its work to develop a housing action plan, to promote lower construction costs and to improve the state's housing resources. The action plan should be submitted to the Governor, who will present it, with his recommendations and comments, to the General Assembly by the beginning of the regular legislative session. The Commission would measure the state's progress toward the goals in the plan and evaluate the use of state resources in that progress.

The focal point for the state's information on housing would be the North Carolina Housing Commission. Within the limits of its resources, the Commission should monitor collection of housing data used by other agencies.

State officials and several leaders from the state's housing industry, in presentations before this study commission, have indicated that one agency is needed to coordinate the state's efforts in housing. Within state government, this agency could address such problems as duplication of housing efforts and inadequate housing information. It could organize the state's services in housing by recommending a state housing policy and plan, by making a regular housing progress report and by implementing the housing decisions of the General Assembly. This body could also address some of the problems experienced by

people working with government agencies on housing matters. It could, for example, review regulations for periodic updating. It could provide a central point for handling complaints and problems of both citizens and the housing industry. Through this agency, the state could become more clearly accountable to the public on its actions in the field of housing.

The establishment of a North Carolina Housing Commission requires legislative action. A draft of proposed legislation (AN ACT TO ESTABLISH THE NORTH CAROLINA HOUSING COMMISSION) is on page II.3

RECOMMENDATION: Establish standing Committees on Housing in the North Carolina General Assembly.

Standing Committees on Housing should be established in the North Carolina General Assembly to handle bills concerning housing matters. This action would underline the importance of housing as a responsibility of North Carolina government. Committees on Housing in the North Carolina House and the North Carolina Senate would give to legislators a regular forum for the consideration of housing laws and legislation.

In every legislative session, the General Assembly handles many issues and problems that relate to housing. In 1981 alone, two dozen bills were introduced that involve housing in the state. This figure does not include those that affected laws concerning savings and loan associations. Legislators grapple with the task of improving housing conditions for the many thousands of North Carolinians living in inadequate housing. Lawmakers also try to find ways to make homeownership accessible, particularly for young families and first time home buyers. The General Assembly has its part to play in making the housing



industry a strong and healthy one. Standing Committees on Housing in the legislature would provide a forum for legislators and citizens to take a look at the state's housing efforts as well as the particular housing bills that are introduced.

This Commission respectfully requests that the Lieutenant Governor, as President of the Senate, and the Speaker of the House of Representatives establish Committees on Housing in the General Assembly. Copies of these requests are found in Appendix III, page III.5 and III.7.

RECOMMENDATION: Establish a technical assistance staff.

The General Assembly should appropriate funds to create a technical assistance staff for state housing improvement efforts. An appropriation of two hundred twenty four thousand dollars (\$224,000) a year would support seven positions in the Department of Natural Resources and Community Development, including three new positions and four existing housing specialist positions transferred from the Housing Finance Agency. This technical staff would be available for services including: assistance to local governments in developing and enforcing housing codes, monitoring progress toward state housing goals, providing information to communities on availability of housing programs. These specialists would work in a leadership role with local governments to encourage local adoption of the minimum housing code.

The state should be encouraged to use its resources to help local governments with their efforts to solve housing problems. Where local governments do not take action to meet needs shown by the most recent Census of Population and

Housing and local housing studies, the state should offer this assistance to local consumers, producers and housing officials.

Technical assistance from the state is needed because many smaller communities do not have the expertise to compete effectively for housing funds. Others have misconceived notions about the nature of low-income housing and its impact on the community.

As the health of the economy has declined, much of the assistance that has been available to such towns has ceased to exist. Some Councils of Government, which have often been able to provide some assistance, have had to lay off staff. Many towns have also eliminated these positions. As a result, there are significantly fewer resources for this kind of assistance in the state.

The state should provide funding for a technical assistance force within the Department of Natural Resources and Community Development. A draft of a proposed bill, APPROPRIATE FUNDS TO CREATE A TECHNICAL ASSISTANCE FORCE, is on page II.7.

The Commission also recommends further technical assistance which would require no additional appropriation or staff. A training program for housing inspectors should be developed and taught jointly through the Institute of Government and the state's community college system. A copy of a letter of request appears on page III.9.

RECOMMENDATION:      Include in the membership of the Housing Finance Agency Board a representative of local government and a member of the North Carolina Housing Commission.

Consideration should be given to appointments to the Board of Directors of



the Housing Finance Agency (HFA) which would broaden public representation on that Board. The specific action which this Commission suggests is the inclusion of a member from the North Carolina Housing Commission and one from a city or county government with a housing program. Four appointments to the Board made by the Lieutenant Governor and the Speaker of the House are currently undesignated. Selecting one of these from the Housing Commission and one from a local government with experience in housing programs would provide a valuable addition to the Board.

A representative from a local government housing program could speak for the housing needs in communities and on the effectiveness of government efforts in meeting those needs. An appointment from the Housing Commission would bring to the HFA Board a thorough knowledge of housing programs and problems statewide. This Board member could help the HFA make sure that its programs are consistent and complementary with state housing policy.

#### ECONOMICS OF STATE HOUSING

The Commission proposes three additions to North Carolina's laws governing housing finance. The homeownership assistance bill is designed to set up a pilot program to help people become first-time homeowners. A second proposal is a bill to assist developers in the construction of multi-family rental housing in which twenty (20) percent of the units are reserved for people with low incomes. Meeting this percentage is a federal requirement for projects to be financed with tax-exempt revenue bonds. The third recommendation is to allow the Housing Finance Agency to make loans to mortgage lenders, expanding its

ability to offer new residential mortgages. Loans would be used for projects which provide additional housing for low-income people.

The Commission also recommends the repeal of the partial income tax exclusion for interest earned on deposits in North Carolina banks, savings and loan associations and credit unions. The law was intended to encourage saving, which in turn would increase the availability of funds for mortgages. The repeal of this law is suggested because the Commission believes that other uses of these state funds could be more effective in solving the state's housing problems. According to estimates by the Department of Revenue and General Assembly Fiscal Research staff, this repeal would net for the state \$6.9 million in annual revenue. Because of current economic hardship and revenue shortages, the Commission has taken responsibility for finding ways to fund any recommendations which would require an appropriation. This repeal would provide the revenue required to fund the pilot programs and other expenditures proposed by the Commission.

In addition to these recommendations, the Commission suggests further consideration and study of two issues relating to housing finance and cost. The Department of Transportation and other state as well as local agencies develop regulations and standards that affect the cost of developed land. State, city and county agencies should give more consideration to the ways in which their own policies might be changed to decrease the cost of housing site development. North Carolina should also be supportive of pending federal legislation that would allow tax-free interest on deposits for first-time home purchases. Similar action should be considered at the state level.

This Commission has investigated the use of pension funds as a source for

mortgage financing and has found that North Carolina is a leader in this area. The state employees' pension fund is able to invest in mortgages and has participated in an innovative program, the North Carolina Mortgage Investment Corporation (NicMic), established with the help of the State Treasurer. NicMic purchases mortgages made by state savings and loan associations for sale in the secondary market. It is recommended that the proposed Housing Commission work with managers of public and private investment funds to increase the use of these funds and promote a viable secondary market for home mortgages.

The Commission endorses legislation which would protect the rights of tenants who live in apartments to be converted to condominiums. Renters should have adequate notice of the conversion and should have the right of first refusal of purchase of the property. The Commission also supports full disclosure of the details of sale and other conversion features.

Finally, to insure the availability of adequate mortgage funds, the feasibility of permitting acquisitions and mergers of banks with savings and loan associations should receive further study.

**RECOMMENDATION:** Create a revolving fund, as a pilot project, to assist people of low and moderate incomes in the purchase of homes.

The Commission proposes passage of an act to appropriate \$1 million for the 1983-1984 fiscal year to establish a Homeownership Assistance Fund.

Interest rates are so high today that first-time home buyers are finding that their incomes will not support the monthly mortgage payments for even the most modestly priced homes. At current rates, a home buyer would have to be earning at least \$20,000 a year to qualify for the financing of a \$40,000 house,

but fewer than a third of the households in North Carolina have as much as \$20,000 in annual income.

The cost of homeownership is rising much faster than the incomes of North Carolina citizens. Between 1969 and 1979, median family income in the state doubled. At the same time, the median value of a home nearly tripled.

One way to alleviate this problem is to assist people of low and moderate incomes in the purchase of affordable homes. This pilot program would establish a revolving fund to be administered by the Housing Finance Agency. The funds could be used by the agency as loans to subsidize downpayments, principal payments, interest payments or to make available other types of mortgage assistance. The funds should be used to subsidize loans to people who would not otherwise qualify for loans from the HFA.

A draft of the proposed legislation: APPROPRIATE FUNDS FOR A HOMEOWNERSHIP ASSISTANCE FUND appears on page II.9.

RECOMMENDATION:      Establish as a pilot project a multi-family rental housing-construction fund.

The Commission proposes appropriation of \$1 million to establish a rental housing construction fund to assist in development of multi-family housing. This assistance would be designed to allow builders of this type of housing to meet the federal low-income housing requirements necessary for financing with tax-exempt revenue bonds. The federal requirement states that at least twenty (20) percent of the units in the project house people with incomes of no more than eighty (80) percent of the area's median income. Without some assistance, developers find this construction economically unfeasible in some parts of the state.

North Carolina needs the continued construction of this kind of housing. The shortage of rental housing for low-income people is one of the most acute housing problems in the state. In most of the larger cities, there are waiting lists of more than 2,000 families for space in a public housing complex. With high unemployment and rising heating costs, it is likely that many more families will be seeking low-rent housing in the near future.

The draft of a bill: APPROPRIATE FUNDS FOR A RENTAL HOUSING CONSTRUCTION FUND is on page II.11. These funds would be used as front-end subsidies for the construction of multi-family housing with the required low-income occupancy.

The grants would make mortgage payments low enough to allow twenty (20) percent of the units to become residences for low-income people. Without some form of subsidy, many units would never be built because developers could not afford to build.

RECOMMENDATION: Allow the Housing Finance Agency to make loans to mortgage lenders.

The Commission proposes legislation to give the Housing Finance Agency authority to lend money to lenders who in turn would make mortgages for residential housing. The Agency could issue bonds for the purpose of originating new mortgage loans to sponsors of or directly to persons and families of low and moderate incomes for residential housing. The agency would set requirements on the types of residences to be financed, the interest rates, and other matters concerning use of the funds.

Collateral for the loans could consist of federally insured or guaranteed

mortgages. This kind of guarantee would permit the HFA to operate the program without a reserve fund for payments of its bonds. Protection of the investment would be provided by insurance, guarantee or other collateral. Interest on the loans would be set at a rate that no more than covered the costs incurred.

A loan-to-lenders program would provide additional flexibility to both the HFA and lending institutions to increase mortgage money to low and moderate income families. A copy of draft legislation: AUTHORIZE THE NORTH CAROLINA HOUSING FINANCE AGENCY TO MAKE LOANS TO MORTGAGE LENDERS, is on page II.13.

RECOMMENDATION:      Protect the rights of tenants in units to be converted to condominiums.

The Commission endorses the proposed change in the law which would provide protection of renters' rights when rental units are converted to units for sale. A rewrite of the condominium laws will be offered by the General Statutes Commission. While the Commission to Study Housing Programs is aware of the need for this revision, the particular interest of this Commission is in the proposals concerning the rights of the residents. This Commission supports the proposed changes which would require that notice of conversion be given, that renters have right of first refusal to purchase their units and that leases be extended when necessary.

Condominiums offer the advantages of homeownership at a time when the purchase and maintenance of traditional single-family homes is becoming increasingly difficult. The maintenance requirements of many single-family dwellings are prohibiting factors for elderly homeowners. In addition, the cost of energy, the difficulty of obtaining financing and nationwide inflation are



pushing traditional homeownership out of reach for many North Carolinians.

The problems that conversion of apartments to condominiums can present are those of displacement of people who cannot afford to buy their homes. Tenants in this situation are faced with the costs of moving and with the difficulty of finding another affordable rental unit, which is becoming more difficult as units are lost from the rental market.

RECOMMENDATION: State and local agencies should, in writing their regulations, carefully consider the effect of these on-site development costs.

Government regulation in North Carolina should be done in a way that does not unnecessarily increase the cost of housing site development.

Up to twenty (20) percent of the cost of a new home is a reflection of government regulation, according to a Rutgers University study. The 1978 HUD Final Report on Housing Costs states:

Many standards are outmoded and excessive. They include unnecessary access road requirements, sidewalks and unduly wide streets. Regulations intended for highway development are not needed for local streets. Measures such as these increase costs by thousands of dollars and have little justification in terms of health, safety or general welfare. They are on the books largely for reasons of value and amenity. Standards such as these may be more than the general public can afford.

State, city and county agencies should give more consideration to the ways in which their own policies might decrease the cost of developing housing sites.

RECOMMENDATION: Follow pending federal legislation to offer a tax deduction of some savings for first-time home purchase. If this is enacted, North Carolina should take similar action at the state level.

The authorization of homeownership accounts is under consideration by the U.S. Congress. Under one proposal, people who are saving to buy a home could deduct from their annual taxable income some of this money. The amount would be limited to \$1,500 for an individual and \$3,000 for a married couple. The lifetime maximum would be \$15,000 for the single person and \$30,000 for the couple. The money must go to a principal residence. The penalty for using the savings for another purpose would be the current income taxes due on the amount withdrawn. A JOINT RESOLUTION MEMORIALIZING CONGRESS TO PASS LEGISLATION is on page II.45.

The Commission recommends that the state enact similar legislation, if the Congress takes action.

RECOMMENDATION: Repeal the income tax exemption on the first \$200 of interest on savings in North Carolina banks and savings and loan associations.

In an effort to increase savings and the availability of funds for mortgages, the Legislature, in 1980, enacted an income tax exemption on the first \$200 of interest on savings in North Carolina thrift institutions. However, the law does not appear to have had this result. In the past few years, banks have had to compete with such investment tools as certificates of deposit and money market funds, offering interest rates, at one point, as high as nineteen (19) percent. Recent changes in federal regulations now permit banks and savings and



loan associations to offer interest rates that are competitive with money market funds in new money market accounts. This new law would offer a much greater incentive for individuals to keep their money in thrift institutions than the \$200 exclusion which yields a maximum tax savings of only \$14.

This repeal would net an estimated \$6.9 million in state revenue. The Commission suggests this action as a way of funding recommended programs that require appropriations. An ACT TO REPEAL THE EXCLUSION is on page II.17.

RECOMMENDATION: Study the possibility of enabling legislation for mergers and acquisitions of banks with savings and loan associations.

The Commission in the interest of insuring the availability of adequate funds to finance housing, recommends further study of the possibility of legislation enabling mergers and acquisitions of banks with savings and loan associations. Recent news reports show that sixty-two (62) percent of North Carolina state chartered savings and loan associations lost money in the first half of 1982, and the figure is even higher if federally chartered institutions are included. The loss is due to the fact that many of these lenders have had to pay out more for savings accounts than they took in from mortgages, many of which were granted years ago at low interest rates. Mergers and acquisitions could prevent some ailing thrift institutions from closing, thus preserving the traditional supply of home mortgage money in the state.

#### STATE HOUSING NEEDS

The most severe housing problems for low and moderate income families and elderly persons are the short supply of affordable housing and the widespread

existence of lower cost housing which is neither safe nor sanitary. The Commission recommends attacking the problems primarily by two means: enabling and helping local governments' attempts to meet the housing needs of their own communities, and using available state resources in a manner which addresses these problems to the maximum extent feasible.

An initial problem in improving the quality of low cost housing is that many parts of the state have no existing housing code. While North Carolina does have an existing statewide building code, that code applies mainly to new construction. It does not solve the problem of existing homes where there is poor sanitation, homes without plumbing, or those where there is no heat. These are problems that this state should begin to solve, by adopting minimum standards. The Commission proposes a statewide minimum housing code for North Carolina. While enforcement will be discretionary with local government, local governments should be helped and encouraged to enforce standards for housing conditions. Minimum standards should apply to mobile homes, as well as apartments and houses.

Several actions are proposed to bring about better rehabilitation of existing homes. State agencies should develop jointly funded programs for rehabilitation to get the most use of available dollars. The Housing Finance Agency should cooperate with local housing authorities in issuing tax-exempt bonds for improvement of multi-family housing. The state should insure that publicly funded rehabilitation work is well done and should consider a community's efforts in this kind of improvement in allocating funds. Finally, home improvement assistance for the low-income elderly should be increased.

In order to expand the supply of affordable housing, the state should develop ways to make HFA-financed multi-family housing affordable to low-income people. Local governments which wish to do so should have the authority to spend property tax and sales tax revenue on housing. Public Housing Authorities should not be required to apply to the North Carolina Utilities Commission for approval before exercising their powers of eminent domain. In addition, the state should provide technical assistance to local governments and communities to utilize available means of financing the costs of low-income housing construction.

The Housing Finance Agency should include mobile homes in its programs. North Carolina should join other states which have taken this step to give this type of housing fair treatment in public programs. The state should recognize modular and mobile homes as sources of lower-cost housing. These homes should be treated equitably in building code and zoning enforcement. People who live in mobile homes should have better lease protection. And the state should do what it can to insure good sanitation in mobile home parks.

Finally, the state, in accepting from the federal government additional housing responsibilities, must use every available means to obtain a level of federal funding that is adequate to meet the housing needs in North Carolina.

The Commission makes the following recommendations for the improvement of housing conditions in North Carolina:

RECOMMENDATION: Enact a statewide minimum housing code, setting standards that will include safe and adequate plumbing and electrical systems.

More than five percent (5.2%) of the North Carolina population live in substandard housing. This figure, from the 1980 Census, reveals only the number of people living in homes that are without complete plumbing facilities. Many more North Carolinians are living in housing that is overcrowded, that is structurally unsound, that is inadequately heated.

This Commission proposes that the state establish a statewide minimum code for housing in an effort to insure safe and decent housing.

North Carolina does have a statewide building code which applies to new construction, but this standard addresses only minimally the condition of existing structures. Specifically, Volume I, Chapter X, of the Code allows a building inspector to condemn an existing building if a life-threatening safety hazard is present. This ignores such problems as existing homes where there is poor sanitation, no plumbing, or not enough heat.

The state also now has a statewide Residential Rental Agreements Act which requires that landlords maintain all rental property in "fit and habitable condition". However, for localities that have no housing code, this act does not define what makes a house fit and habitable.

The statewide code that this Commission proposes would apply to all dwellings in the state. The enforcement would rest in the discretion of local governments. A city or county would retain its right to adopt more stringent standards.

The statewide code would require that each residence have in a separate room

a flush toilet and a basin and shower or tub with hot and cold running water. The water supply must be free of contamination. The home shall be free of rodents and vermin. The electrical sources shall be adequate to allow the use of essential appliances without the threat of fire.

The facilities for heating must be adequate to warm all habitable rooms to a minimum temperature of sixty-eight (68) degrees Fahrenheit measured three (3) feet above the floor when the outdoor temperature is twenty (20) degrees Fahrenheit. Other minimum standards are proposed for stairs, foundations, walls and floors.

The act establishing the statewide code would allow owners whose property would require the most extensive renovation to have the longest period of time to meet the standards. This would ensure that houses are repaired rather than demolished. A copy of the proposed legislation, AN ACT TO PROVIDE A STATEWIDE MINIMUM HOUSING CODE, appears on page II.19.

The state should encourage local governments to enforce the statewide code within their jurisdiction. A housing inspector in every county should be one goal of the enforcement effort. The state should establish a training program for housing inspectors and the use of qualified volunteers should be considered for assisting local code enforcement staffs. Local governments should be aware that building inspectors are currently allowed to serve as housing inspectors under G.S. 153A-352.

In addition, the Commission recommends a clarification of the General Statutes to show that counties have the authority to establish housing codes. This enabling legislation does exist. However, the majority of communities have

not exercised this authority. Only twenty-two (22) percent of the counties and thirty-seven (37) percent of the municipalities have adopted housing codes. Many of the areas which would benefit most from a housing code do not have such a standard. With proposals to clarify the statutes and provide technical assistance to communities, the Commission's intent is to increase local interest in the adoption of housing codes. A bill draft, ENFORCEMENT POWERS OF MINIMUM HOUSING STANDARDS BY COUNTIES, is on page II.25.

The Commission further recommends that North Carolina law clearly state that minimum housing standards apply to mobile homes. Proposed legislation: AN ACT TO MAKE THE MINIMUM HOUSING STANDARDS APPLY TO MOBILE HOMES, is on page II.27. The number of mobile homes in North Carolina increased by 150 percent between 1969 and 1979. The protection of statewide standards should be extended to these residences as well as other forms of housing.

RECOMMENDATION:     The Department of Natural Resources and Community Development (NRCD) should use its allocation of Community Development Block Grant funds in ways that improve the quality and enlarge the supply of affordably priced housing.

Last year, the state received from the Federal Department of Housing and Urban Development the responsibility for administering the Community Development Block Grant (CDBG). So far, \$25.9 million has been distributed to North Carolina communities in an effort to provide decent housing and living conditions. The state, in its allocation of this money, should make choices that will improve housing options for North Carolinians.

In awarding grants, the state should consider whether the overall community is covered by a local housing code. Enforcement of codes could be coupled with



housing rehabilitation funding under this program. Applicants for housing rehabilitation are now required to state what rehabilitation standards they intend to apply to a targeted area. Projects using the highest standards receive the highest number of points in this part of the selection system. However, NRCD does not now take into account, when evaluating proposals, housing code coverage for the rest of a community.

Communities should be informed of the ways that CDBG funds may be used to enforce the code. In awarding this money, the state should consider how well a community combines its powers and resources to accomplish a broad range of rehabilitation activities.

The federal housing funds allocated by the state for housing rehabilitation should pay for work that is well done. To insure that, the state should provide technical assistance to communities in establishing inspection systems. In addition, NRCD should attempt to assure that the contractors selected to perform CDBG rehabilitation work are competent and honest and that legitimate complaints of homeowners are resolved equitably and promptly.

The state should encourage local governments to use CDBG funds to encourage or enable low-income rental housing construction. NRCD should develop guidelines for ways a community could do this. Consideration in allocation of funds should be given to communities willing to use such methods for enabling the construction of low-income housing.

The Housing Finance Agency and NRCD should work together to create jointly funded rehabilitation programs. This year, for the first time, the HFA will distribute funds from a \$3.3 million home rehabilitation bond issue to eleven

(11) participating cities. The localities will use the HFA funds in combination with their Community Development Block Grant funds to make loans at less than the tax-exempt rate the HFA must charge. The improvement loans will range from one (1) to twelve (12) percent. The Commission commends this initiative and expects NRCD and HFA to continue to work together developing new ways in which scarce resources can be stretched.

RECOMMENDATION: Take the position before the US Congress that the federal shift of low-income housing responsibilities to the state level must be accompanied by sufficient funding.

The drastic reductions in federal housing programs are contributing to the state's housing crisis. From 1981 to 1982, federal funds to North Carolina for low-income housing construction dropped from \$110.2 million to \$40.6 million. In the past, these funds have been used to subsidize the building of almost 40,000 low-rent housing units and the purchase of 3,000 single-family homes. Other federal programs which assist in housing are experiencing cuts as well.

Although the Commission does not object to the decentralization of federal programs, it is clear that this has not been accompanied by adequate funding. The state, through innovative actions, can assume part of this load. However, the federal government should provide more substantial funding to assist in these added state responsibilities. The Commission recommends passage of the draft resolution on page II.29: OPPOSITION TO FEDERAL TERMINATION OF LOW-INCOME HOUSING PROGRAMS.



RECOMMENDATIONS: Allow local governments to spend property taxes on housing.  
Allow local governments to spend income from sales tax on housing.

Local governments now have authority to use sales and property tax revenues for a wide array of purposes, ranging from air pollution control to dog catchers. For housing programs, however, local governments must go through the referendum process. Localities have depended on federal initiatives, and in the last few years, federal funding for housing has suffered huge cuts. In one year, federal support for low-income housing in North Carolina dropped by sixty-three (63) percent. Allowing local governments to spend sales and property tax revenues on housing would give them a means to replace some of the lost federal funds.

Local initiatives in housing have a greater chance of success in solving the local problems than efforts that originate within state agencies. Because of this, much of the Commission's discussion has centered around ways to encourage communities to accept, plan and develop low-income subsidized housing. Allowing local governments to use these tax revenues for housing could enhance local efforts to provide housing at no cost to the state. Legislation to ALLOW LOCALITIES TO LEVY AD VALOREM TAXES FOR HOUSING and to ALLOW LOCALITIES TO SPEND SALES TAX REVENUE FOR HOUSING is found on pages II.31 and II.33.

RECOMMENDATION: The Housing Finance Agency, with its expertise in the bond market, should issue tax-exempt bonds in conjunction with local housing authorities for construction of and rehabilitation of multi-family housing.

The Housing Finance Agency should work with local housing authorities in the

issuance of tax-exempt bonds to finance rehabilitation work and construction work on local, multi-family housing. Local housing authorities often have the best understanding of housing needs and of local resources available to meet the needs. Cutbacks in federal housing programs have severely reduced funding for low-income housing, and at the same time, curtailed the ability of local housing authorities to issue tax-exempt bonds for rehabilitation and construction. These agencies are restricted under G.S. 157-14 from issuing bonds not for use in conjunction with federal programs.

The Commission explored ways in which localities could replace this loss of federal dollars and bond revenue. Consideration was given to expanding the powers of local housing authorities to issue bonds. However, without the proper technical and financial expertise, the risks would be greater than the possible benefits. Instead, this Commission recommends that the HFA, with its experience and expertise in the bond market, issue tax-exempt bonds in conjunction with local housing authorities in order to best meet local housing needs. Though the HFA has never issued a bond for this purpose, it does have the power to do so without additional legislation.

RECOMMENDATION:      Remove the requirement for Utilities Commission approval of condemnations by public housing authorities.

Public housing authorities should be allowed to exercise their power of eminent domain without, as currently required, applying to the State Utilities Commission for a certificate of convenience. Currently, these authorities are the only public agencies required to apply for this approval. Testimony before this Commission has shown that this requirement has caused needless delay in the

construction of new public housing. This law was enacted to prevent an oversupply of housing. However, the demand for low-income housing now far exceeds the supply. Local Public Housing authorities around the state have had to turn away thousands of applicants because the waiting time for a unit is so long.

The repeal of this requirement would not affect current site selection or condemnation procedures. These processes are under adequate control without this extra time-consuming certification. The draft of a bill: AN ACT TO REPEAL THE REQUIREMENT FOR A CERTIFICATE OF CONVENIENCE, is on page II.35.

RECOMMENDATION:      Expand home-improvement assistance for the low-income elderly.

The Commission recommends the establishment of a pilot program to assist elderly, low-income homeowners in making home repairs.

The need for assistance with home maintenance and home modifications is particularly severe among older North Carolinians. Over two-thirds of older North Carolinians occupy homes that were constructed more than forty (40) years ago, homes which require a great deal of maintenance and repair. Yet, the average income for the households of the elderly in North Carolina is estimated at less than \$10,000 a year.

The major recommendation of the Governor's Commission on Housing Options for Older Adults was increased assistance to the elderly in home improvement and repair.

The Commission to Study Housing Programs recommends that \$300,000 be appropriated for 1983-1984 to make grants to cities and counties to provide this kind of assistance. These grants would have to be matched by the local govern-

ments. A draft of the bill: APPROPRIATE FUNDS FOR A PILOT PROGRAM TO ASSIST ELDERLY, LOW-INCOME HOMEOWNERS, is on page II.39.

RECOMMENDATION: Treat mobile homes equitably in government programs as a desirable form of housing. Improve living conditions for mobile home residents with lease protection legislation.

The Commission recommends several specific actions designed to improve conditions for mobile homeowners and tenants. At an average cost of about \$13,750, a mobile home is a solution to the problem of finding affordable housing. Many people are taking advantage of this option: between 1969 and 1979, the number of mobile homes used for year-round residences increased from 87,000 to 217,000. These residents deserve fair treatment by government agencies and under the law.

To that end, this Commission proposes that mobile homes be included in the programs of the Housing Finance Agency. In the last decade, building standards for mobile homes have greatly improved. They are built to specifications equally as stringent as those for conventional site-built homes, and thus offer the same security and comfort. Also, the value of these homes has appreciated as much as thirty (30) percent in a five (5) year period, making them a profitable as well as affordable investment for new homebuyers.

The Housing Finance Agency, with programs designed for low and moderate income families, should recognize that mobile homes are an acceptable form of housing. Similar agencies in fourteen (14) other states have assisted in some type of financing for mobile homes.

The Commission recommends that bonds for single-family housing be issued in which mobile homes are included as eligible residences, provided that reasonable

guidelines protect the marketability of the bonds. The draft of A RESOLUTION REGARDING FINANCING OF MOBILE HOMES is on page II.43.

Mobile homes should be treated in zoning decisions on the same basis as homes meeting the North Carolina Residential Building Code. While these units have been substantially improved in quality and appearance, many local governments still have ordinances that restrict the location of a mobile home. This type of housing has been associated in the past with transience. However, one survey indicates that more than eighty (80) percent of these residents prefer to remain at the same site permanently. Zoning restrictions cause unnecessary cost and hardship. The draft of a RESOLUTION REGARDING ZONING CONSIDERATIONS appears on page II.41. Local officials should consider allowing homes meeting applicable standards to be located in single-family residential zones when they are aesthetically compatible with other homes in the neighborhood.

The Department of Insurance should reinforce guidelines making clear that modular buildings meet the state code, receive a factory inspection and conform to all state laws.

The Department of Human Resources should be encouraged to make efforts to improve sanitation in mobile home parks where density of housing units can create problems with wells and waste disposal.

The Commission found in its study of mobile home parks two problem areas: the burden of rent increases and the short duration of notice of eviction without cause.

The notice period under the law is now seven (7) days, the same period required for apartment evictions. However, the Commission believes that the

mobile home tenant faces a different set of difficulties which justify the longer period. Moving a mobile home is a larger undertaking than moving furniture and other belongings. A typical cost for such a move is \$700. The tenant must also find a new location at a time when many parks are at or near capacity.

Rent increases are a problem because the difficulties of moving can make park residents a "captive audience". Also, the fact that most of these tenancies are on a month-to-month basis makes it hard for a tenant to anticipate an increase in rent.

Operators of mobile home lots with twenty-five (25) or more spaces should be required to offer, as an option, six-month, fixed-rate leases. These landlords must also provide thirty (30) day written notice prior to evicting a tenant of a mobile home lot without cause. The draft of a bill: AN ACT TO REQUIRE LESSORS OF MOBILE HOME LOTS TO OFFER SIX-MONTH LEASES is on page II.37.

APPENDIX I

LIST OF BILLS RECOMMENDED







LIST OF BILLS RECOMMENDED

An Act to Establish the North Carolina Housing Commission.....	Page II.3
An Act to Appropriate Funds to the Department of Natural Resources and Community Development to Create a Technical Assistance Force.....	Page II.7
An Act to Appropriate Funds for a Homeownership Assistance Fund Administered by the Housing Finance Agency as a Pilot Program...	Page II.9
An Act to Appropriate Funds for a Rental Housing Construction Fund to Assist in the Development of Multi-Family Housing.....	Page II.11
An Act to Authorize the North Carolina Housing Finance Agency to Make Loans to Mortgage Lenders.....	Page II.13
An Act to Repeal the Partial Income Tax Exclusion For Interest Earned on Deposits in North Carolina Institutions.....	Page II.17
An Act to Provide a Statewide Minimum Housing Code.....	Page II.19
An Act to Clarify the Applicability of the Enforcement Powers of Minimum Housing Standards by Counties.....	Page II.25
An Act to Make the Minimum Housing Standards Apply to Mobile Homes..	Page II.27
A Joint Resolution Memorializing Congress in Opposition to Federal Termination of Low-Income Housing Programs.....	Page II.29
An Act to Allow Localities to Levy Ad Valorem Taxes For Housing Programs.....	Page II.31
An Act to Allow Localities To Spend Sales Tax Revenue on Housing....	Page II.33
An Act to Repeal the Requirement for a Certificate of Convenience and Necessity from the Utilities Commission Before a Housing Authority can Exercise the Power of Eminent Domain.....	Page II.35
An Act to Require Lessors of Mobile Home Lots to Offer Six-Month Leases and to Provide That the Lessor May Not Terminate a Six-Month Mobile Home Lot Lease Except by Proper Written Notice.....	Page II.37

I.4

An Act to Appropriate Funds for a Pilot Program to Assist Elderly, Low-Income Homeowners in Making Home Repairs.....	Page II.39
A Resolution Regarding Zoning Considerations for Mobile and Modular Housing in North Carolina.....	Page II.41
A Resolution Regarding Financing of Mobile Homes by the North Carolina Housing Finance Agency.....	Page II.43
A Joint Resolution Memorializing Congress to Pass Legislation Authorizing Tax Deductions for Money Saved for Purchase of a Home.....	Page II.45

APPENDIX II

COPIES OF BILLS RECOMMENDED



A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE NORTH CAROLINA HOUSING COMMISSION

The General Assembly of North Carolina enacts:

Section 1. Chapter 147 of the General Statutes is amended by adding the following new Article:

"Article 3B.

"North Carolina Housing Commission.

"§147-33.10. Commission established. There is established within the Office of the Governor the North Carolina Housing Commission.

§147-33.11. Membership. The North Carolina Housing Commission shall consist of fifteen members as follows:

- (1) Five shall be appointed by the Governor;
- (2) Three shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121;
- (3) Three shall be appointed by the General Assembly upon the recommendation of the President of the Senate in accordance with G.S. 120-121;
- (4) The Secretary of Natural Resources and Community Development or a Deputy Secretary of the Department designated by him shall serve ex-officio;
- (5) The Secretary of Commerce or a Deputy Secretary of the Department designated by him shall serve ex-officio;

## II.4

(6) The State Treasurer or a Deputy State Treasurer designated by him shall serve ex-officio;

(7) The Chairman of the Board of Directors of the Housing Finance Agency or the Executive Director of the Agency, if designated by him, shall serve ex-officio.

§147-33.12. Terms. Of the five persons appointed under G.S. 147-33.11(1), two shall serve terms to expire June 30, 1985, and three shall serve terms to expire June 30, 1986. Of the three persons appointed under G.S. 147-33.11(2), one shall serve a term to expire June 30, 1985 and two shall serve terms to expire June 30, 1986. Of the three persons appointed under G.S. 147-33.11(3), one shall serve a term to expire June 30, 1985 and two shall serve terms to expire June 30, 1986. Subsequent terms shall be for three years.

§147-33.13. Vacancies. Vacancies in appointments by the Governor shall be filled by the Governor for the remainder of the unexpired term. Vacancies in appointments by the General Assembly shall be filled in accordance with G.S. 120-122.

§147-33.14. Expenses. Members of the Commission shall receive per diem and necessary travel expenses in accordance with G.S. 138-5, except that persons in categories G.S. 147-33.11(4) through (6) shall be reimbursed in accordance with G.S. 138-6.

§147-33.15. Officers. The Governor shall choose a chairman from among the membership of the Commission, but no ex-officio member of the Commission may serve as chairman. The Commission shall elect from its membership a vice-chairman and shall elect a secretary.

§147-33.16. Quorum; Voting. (a) Eight members of the Commission shall constitute a quorum.

(b) All members of the Commission have the right to vote on all issues before the Commission.

§147-33.17. Meetings. The initial meeting of the Commission shall be called by the chairman. Subsequent meetings shall be held upon the call of the chairman or upon the written request of five members. The Commission shall meet at least four times each fiscal year.

§147-33.18. Staff. The Commission shall be administratively located in the Office of the Governor which shall provide necessary clerical equipment and administrative services to the Commission, provided the Commission shall be consulted with regard to hiring and discharging its own staff.

§147-33.19. Powers and duties. The Commission shall have the following powers and duties:

- (1) To oversee and update state housing policy, and develop and implement a state housing action plan.
- (2) To encourage communication, cooperation and consultation between state agencies in housing policy, and be available to mediate such conflict between state agencies.
- (3) To foster allocation of resources by state agencies with housing responsibilities that are consistent with the state housing policy and action plan.

## II.6

- (4) To obtain necessary information from other state agencies concerning housing.
- (5) To submit to the Governor and the General Assembly a biennial report on the state of housing in North Carolina.
- (6) To promote cost efficiency and lower construction costs in housing.
- (7) To propose and review legislation relating to housing.
- (8) To adopt necessary rules and regulations to implement this article."

Sec. 2. G.S. 120-123 is amended by adding a new subdivision to read:

"(33) The North Carolina Housing Commission as established by  
G.S. 147-33.10."

Sec. 3. There is appropriated from the General Fund to the Office of the Governor the sum of seventy-five thousand dollars (\$75,000.00) for the fiscal year 1983-1984 and the sum of seventy-five thousand dollars (\$75,000.00) for the fiscal year 1984-1985 for the purpose of establishing a Housing Commission.

Sec. 4. This act shall become effective July 1, 1983, except that appointments may be made at any time after ratification of this act.



A BILL TO BE ENTITLED  
AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF NATURAL RESOURCES  
AND COMMUNITY DEVELOPMENT TO CREATE A TECHNICAL ASSISTANCE FORCE

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Department of Natural Resources and Community Development the sum of two hundred twenty-four thousand dollars (\$224,000) for the fiscal year 1983-1984, and the sum of two hundred twenty-four thousand dollars (\$224,000) for the fiscal year 1984-1985 for the purpose of creating a technical assistance force made up of seven (7) people to assist local communities in meeting the housing needs of their low and moderate income residents. The technical assistance force shall include three (3) new personnel positions. Four (4) of the Housing Specialist positions transferred by Section 91 of Chapter 859 of the 1981 Session Laws shall be transferred to the Department of Natural Resources and Community Development to make up the remainder of the force.

Sec. 2. This act shall become effective July 1, 1983.



A BILL TO BE ENTITLED  
AN ACT TO APPROPRIATE FUNDS FOR A HOMEOWNERSHIP ASSISTANCE FUND  
ADMINISTERED BY THE HOUSING FINANCE AGENCY AS A PILOT PROGRAM

The General Assembly of North Carolina enacts:

Section 1. Chapter 112A of the General Statutes is amended by adding a new section to read:

"§122A-5.6. Homeownership Assistance Fund established; authority. -- There is established a Homeownership Assistance Fund (hereinafter referred to as 'the Fund') in the North Carolina Housing Finance Agency to assist persons and families of low and moderate income in the purchase of affordable residential housing. To achieve this purpose, the Agency may use the Fund to provide additional security for eligible loans, to subsidize down payments, principal payments and interest payments, and to provide any type of mortgage assistance the Agency deems necessary. The Fund shall operate as a revolving fund. The Agency shall adopt rules for the operation and use of the Fund. These funds shall be used for people who otherwise would be unable to receive subsidized loans from the Housing Finance Agency."

Sec. 2. There is appropriated from the General Fund to the North Carolina Housing Financing Agency the sum of one million dollars (\$1,000,000) for the 1983-1984 fiscal year for the Homeownership Assistance Fund established in Section 1 of this act. This appropriation is for a pilot program.

Sec. 3. This act shall become effective July 1, 1983.



A BILL TO BE ENTITLED  
AN ACT TO APPROPRIATE FUNDS FOR A RENTAL HOUSING CONSTRUCTION FUND  
TO ASSIST IN THE DEVELOPMENT OF MULTI-FAMILY HOUSING

Whereas, the Mortgage Subsidy Bond Tax Act of 1980 requires that at least 20% of the housing units in a multi-family housing project financed with tax exempt revenue bonds be reserved for individuals who have incomes of 80% or less of the median income in the area; and

Whereas, this requirement makes it economically unfeasible for developers to build multi-family housing in some areas of the State unless the developers can obtain government assistance for the required 20% low income units; and

Whereas, federal budget cuts make it unlikely that federal funds will be available for this assistance; and

Whereas, unless State and local funds are made available for assistance for 20% of the units, adequate multi-family housing may not be built in certain areas of the State because of the high costs of the remaining 80% units in the projects;

Now, therefore:

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Housing Finance Agency the sum of one million dollars (\$1,000,000) for the 1983-1984 fiscal year to establish a nonreverting Rental Housing Construction Fund. The purpose of the Fund is to make affordable rental housing available to persons of

low income. This shall be a pilot program administered by the Housing Finance Agency to assist developers with a principal write-down so they can meet the requirement of the Tax Subsidy Bond Act of 1980 that at least 20% of the housing units in a multi-family housing project financed with tax exempt revenue bonds be reserved for low income families. The Agency shall give a preference to requests for assistance for projects which will provide housing for persons with lower incomes; additional consideration will be given to projects which will also receive assistance from local governments and other public and private sources.

Sec. 2. This act shall become effective July 1, 1983.

A BILL TO BE ENTITLED  
AN ACT TO AUTHORIZE THE NORTH CAROLINA HOUSING FINANCE AGENCY  
TO MAKE LOANS TO MORTGAGE LENDERS

The General Assembly of North Carolina enacts:

Section 1. G.S. 122A-3(8) is amended to read:

"(8) 'Mortgage' or 'mortgage loan' means a mortgage loan for residential housing, including, without limitation, a mortgage loan to finance, either temporarily or permanently, the construction, rehabilitation, improvement, or acquisition and rehabilitation or improvement of residential housing and a mortgage loan insured or guaranteed by the United States or an instrumentality thereof or for which there is a commitment by the United States or an instrumentality thereof to insure such a mortgage;".

Sec. 2. G.S. 122A-5 is amended by adding a new subdivision (4) to read:

"(4) To make loans to mortgage lenders on terms and conditions requiring the proceeds thereof to be used by such mortgage lenders to originate new mortgage loans to (a) sponsors of residential housing for persons and families of lower income and persons and families of moderate income and (b) persons and families of lower income and persons and families of moderate income for residential housing. The loans to mortgage lenders and the loans to be made by such mortgage lenders shall be made on such applicable terms and conditions as are set forth in rules and regulations of the Agency; provided, however, that loans

shall be made by such mortgage lenders only upon the determination by the Agency that such financing is not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions."

Sec. 3. Chapter 122A of the General Statutes is amended by adding a new section to read:

"§122A-5.6. Terms and conditions of loans to and by mortgage lenders. -

(a) The Agency shall from time to time adopt, modify, amend or repeal rules and regulations governing the making of loans to mortgage lenders and the application of the proceeds thereof. These rules and regulations shall be designed to effectuate the general purposes of this Chapter and the following specific objectives: (i) the construction and rehabilitation of decent, safe and sanitary residential housing available to persons and families of lower income and persons and families of moderate income at prices or rentals that they can afford; (ii) the encouragement of private enterprise and investment to sponsor, build and rehabilitate residential housing for persons and families of lower income and persons and families of moderate income; and (iii) the restriction of the financial return and benefit to the mortgage lenders from such loans to an amount that is necessary to induce their participation and that is not excessive as determined by prevailing market conditions.

(b) Notwithstanding any other provision of this Section, the interest rate or rates and other terms of the loans to mortgage lenders made from the proceeds of any issue of bonds of the Agency shall provide that the amounts received by the Agency in repayment of the loans and interest thereon shall be at least suf-



ficient to assure the payment of the principal of and the interest on the bonds as they become due.

(c) The Agency shall enter into a written agreement with each mortgage lender that shall require as a condition of each loan to such mortgage lender that the mortgage lender shall originate new mortgage loans within a reasonable period of time as determined by the Agency's rules and regulations and that such new mortgage loans shall have such stated maturities as determined by the Agency's rules and regulations.

(d) The loans to mortgage lenders shall be general obligations of the respective mortgage lenders owing them. The Agency shall require that such loans shall be additionally secured as to payment of both principal and interest by a pledge and lien upon collateral security. The collateral security itself shall be in such amount as the Agency determines will assure the payment of the principal of and the interest on the bonds as they become due. Collateral security shall be deemed to be sufficient if the principal of and the interest on the collateral security, when due, will be sufficient to pay the principal of and the interest on the bonds. The collateral security shall consist of any of the following items: (i) direct obligations of, or obligations guaranteed by, the State or the United States of America; (ii) bonds, debentures, notes or other evidences of indebtedness, satisfactory to the Agency, issued by any of the following federal agencies: Bank for Cooperatives, Federal Intermediate Credit Bank, Federal Home Loan Bank System, Export-Import Bank of Washington, Federal Land Banks, the Federal National Mortgage Association or the Government

National Mortgage Association; (iii) direct obligations of or obligations guaranteed by the State; (iv) mortgages insured or guaranteed by the United States of America or an instrumentality of it as to payment of principal and interest; (v) any other mortgages secured by real estate on which there is located a residential structure, the collateral value of which shall be determined by the regulations issued from time to time by the Agency; (vi) obligations of Federal Home Loan Banks; (vii) certificates of deposit of banks or trust companies, including the trustee, organized under the laws of the United States or any state, which have a combined capital and surplus of at least fifteen million dollars (\$15,000,000); (viii) Bankers Acceptances; and (ix) commercial paper that has been classified for rating purposes by Dun & Bradstreet, Inc. as Prime-1 or by Standard & Poor's Corp. as A-1.

(g) The Agency may require as a condition of any loan to a mortgage lender such representations and warranties that it determines to be necessary to secure such loans and to carry out the purposes of this Section.

Sec. 3. This act is effective upon ratification.

A BILL TO BE ENTITLED  
AN ACT TO REPEAL THE PARTIAL INCOME TAX EXCLUSION FOR  
INTEREST EARNED ON DEPOSITS IN NORTH CAROLINA INSTITUTIONS

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-141(b) is amended by repealing subdivision (28) and by renumbering the following subdivision accordingly.

Sec. 2. This act is effective for taxable years beginning on and after January 1, 1983.



A BILL TO BE ENTITLED

AN ACT TO PROVIDE A STATEWIDE MINIMUM HOUSING CODE

The General Assembly of North Carolina enacts:

Section 1. The General Statutes are amended by adding the following new Chapter.

"Chapter 157B.

"Statewide Minimum Housing Code.

"§157B-1. Applicability. The minimum housing code established by this Chapter shall apply in all dwellings in this state. Local Government enforcement of this code shall be at the discretion of the appropriate unit of local governments, as provided in G.S. 157B-10.

§157B-2. Sanitary facilities. A flush toilet in a separate, private room, a fixed basin with hot and cold running water and a shower or tub with hot and cold running water shall be present in the dwelling unit, all in proper operating condition. These facilities shall utilize a public or private disposal system approved pursuant to Article 13E of Chapter 130 of the General Statutes.

§157B-3. Water supply. The water supply shall be free from contamination and be in conformance with standards promulgated pursuant to Article 13D of Chapter 130 of the General Statutes.

§157B-4. Electrical system. Sufficient electrical sources shall be provided to permit use of essential electrical appliances while assuring safety

from fire. A ceiling or wall type light fixture shall be present and working in the bathroom and kitchen area. At least two electrical outlets, one of which may be an overhead light, shall be present and operable in the living area, kitchen area and each bedroom area.

§157B-5. Sanitary conditions. The dwelling unit and its equipment shall be free of vermin and rodent infestation.

§157B-6. Heating system. Every dwelling and dwelling unit shall have facilities for providing heat in accordance with either (1) or (2) below:

- (1) Central and Electric Heating Systems. Every central or electric system shall be of sufficient capacity so as to heat all habitable rooms, bathrooms and water closet compartments in every dwelling unit to which it is connected to a minimum temperature of sixty-eight (68) degrees Fahrenheit measured at a point three feet (3') above the floor with an outside temperature of twenty (20) degrees Fahrenheit.
- (2) Other Heating Facilities. Where a central or electric heating system is not provided, or is inadequate, each dwelling and dwelling unit shall be provided with sufficient chimneys, flues, or gas vents and heating appliances connected, so as to heat all habitable rooms to a minimum temperature of sixty-eight (68) degrees Fahrenheit measured three feet (3') above the floor with an outside temperature of twenty (20) degrees Fahrenheit.

An unvented room heater which burns gas, oil or kerosene shall not be considered in determining whether the facilities for providing heat meet the requirements of this section.

§157B-7. Minimum standards for safe and sanitary maintenance.

(a) Exterior foundation, walls, and roofs. Every foundation wall, exterior wall and exterior roof shall be substantially weathertight, shall be kept in sound condition and good repair, and shall be safe to use and capable of supporting the load which normal use would cause to be placed thereon.

(b) Interior floors, walls and ceilings. Every floor, interior wall and ceiling shall be kept in sound condition and good repair, and shall be safe to use and capable of supporting the load which normal use would cause to be placed thereon.

(c) Windows and doors. Every window, exterior door, basement or cellar door and hatchway shall be substantially weathertight, watertight, and shall be kept in sound working condition and good repair.

(d) Stairs, porches and appurtenances. Every outside and inside stair, porch and any appurtenance thereto shall be safe to use and capable of supporting the load that normal use would cause to be placed thereon and shall be kept in sound condition and good repair.

(e) Bathroom floors. Every bathroom floor surface and water closet compartment floor surface shall be constructed and maintained so that it will be reasonably impervious to water and will permit such floor to be easily kept in a clean and sanitary condition.

§157B-8. Definition. A dwelling means any building, or structure, or part thereof used and occupied for human habitation or intended to be used, and

includes any appurtenances belonging thereto or usually enjoyed thereof.

§157B-9. Stronger code not prohibited. Nothing in this code shall prevent any city or county from adopting and enforcing a more stringent code under Part 6 of Article 19 of Chapter 160A of the General Statutes.

§157B-10. Enforcement. The code provided by this section shall be enforced by the county in its discretion, unless the property is located within a city or an area in which the city is extraterritorially enforcing the State Building Code, in which case it shall be enforced by the city in its discretion. In enforcing this code, the procedures of Part 6 of Article 19 of Chapter 160A of the General Statutes shall apply, except that in lieu of a housing appeals board or zoning board of adjustment, the city council or county board of commissioners may by ordinance act as housing appeals board. If the city or county does not appoint a housing appeals board, designate the zoning board of adjustment to hear appeals or act itself as the housing appeals board, appeals shall be heard by the State Housing Appeals Board, which shall consist of members of the State Housing Commission. Actions of the State Housing Appeals Board may be appealed as if the local board had taken the action. Local government enforcement of the code is in the discretion of the city or county, as appropriate.

§157B-11. Effective date. (a) This Chapter shall be effective with respect to buildings used as dwelling units whose appraised values for ad valorem tax purposes are as follows:

- (1) \$25,000 and over - on and after January 1, 1984
- (2) \$15,000 and over - on and after January 1, 1985



(3) \$ 5,000 and over - on and after January 1, 1986

(4) All buildings - on and after January 1, 1987

(b) Notwithstanding the provisions of (a)(1) and (a)(2) above, if the date for enforcement in jurisdiction of G.S. 160A-412 or G.S. 153A-352 is later than January 1, 1984 or January 1, 1985, provided in G.S. 160A-411 or G.S. 153A-351, then the effective date of this Chapter in dwelling units located in those jurisdictions shall be the date provided in G.S. 160A-411 or G.S. 153A-351."

Sec. 2. G.S. 147-33.19 is amended by adding a new subdivision to read:

"(9) To designate five of its appointed members to serve ex officio as the State Housing Appeals Board, and to adopt rules for the State Housing Appeals Board."

Sec. 3. This act shall become effective July 1, 1983.



A BILL TO BE ENTITLED  
AN ACT TO CLARIFY THE APPLICABILITY OF THE  
ENFORCEMENT POWERS OF MINIMUM HOUSING STANDARDS BY COUNTIES

The General Assembly of North Carolina enacts:

Section 1. The first sentence of the second paragraph of G.S. 160A-441 is amended by adding after the words "any city" the words "or county".

Sec. 2. This act is effective upon ratification.



A BILL TO BE ENTITLED

AN ACT TO MAKE THE MINIMUM HOUSING STANDARDS APPLY TO MOBILE HOMES

The General Assembly of North Carolina enacts:

Section 1. G.S. 160A-422(2) is rewritten to read:

"(2) 'Dwelling' means any building, structure, manufactured home or mobile home, or part thereof, used and occupied for human habitation or intended to be so used, and includes any outhouses and appurtenances belonging thereto or usually enjoyed therewith."

Sec. 2. G.S. 160A-442 is amended by adding a new subdivision to read:

"(3.1) 'Manufactured home' or 'mobile home' means a structure, transportable in one or more sections, which in the traveling mode is eight feet or more in width and is 40 feet or more in length, or when erected on site is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities and includes the plumbing, heating, air conditioning and electrical systems contained therein."

Sec. 3. This act is effective upon ratification.



A JOINT RESOLUTION MEMORIALIZING CONGRESS IN OPPOSITION TO  
FEDERAL TERMINATION OF LOW-INCOME HOUSING PROGRAMS

Whereas, the Federal Government has, through actions and expressed intentions, begun to transfer to the state governments the responsibility for many of its housing programs; and

Whereas, funding for these programs has never fully supported existing needs; and

Whereas, the existing funding levels are in jeopardy of diminishing as the programs are being transferred to State control;

Now, therefore, be it resolved by the House of Representatives, the Senate concurring:

Section 1. The North Carolina General Assembly requests that the delegation to the United States Senate and the House of Representatives from North Carolina use every available means to assure that the level of federal funding provided to North Carolina is adequate to meet the state's housing needs, while supporting increased state authority and responsibility for housing.

Sec. 2. The Secretary of State shall send a certified copy of this resolution to each member of the U.S. Senate and the U.S. House of Representatives representing North Carolina, and to the Secretary of the United States Senate and the Clerk of the United States House of Representatives.

Sec. 3. This resolution is effective upon ratification.





A BILL TO BE ENTITLED  
AN ACT TO ALLOW LOCALITIES TO LEVY  
AD VALOREM TAXES FOR HOUSING PROGRAMS

The General Assembly of North Carolina enacts:

Section 1. G.S. 153A-149(c) is amended by adding a new subdivision to read:

"(15a) Housing. To undertake housing projects pursuant to Chapter 157 of the General Statutes."

Sec. 2. G.S. 160A-209(c) is amended by adding a new subdivision to read:

"(17a) Housing. To undertake housing projects pursuant to Chapter 157 of the General Statutes."

Sec. 3. This act shall become effective July 1, 1983.



A BILL TO BE ENTITLED

AN ACT TO ALLOW LOCALITIES TO SPEND SALES TAX REVENUE ON HOUSING

The General Assembly of North Carolina enacts:

Section 1. G.S. 153A-376(e) is rewritten to read:

"(e) A county may expend sales tax revenue for housing projects undertaken pursuant to Chapter 157 of the General Statutes. Otherwise, a county may not expend state or local tax revenue pursuant to this section for a purpose not expressly authorized by G.S. 153A-149 unless the issue is first submitted to a vote of the people as provided therein."

Sec. 2. G.S. 160A-456(e) is rewritten to read:

"(e) A city council may expend sales tax revenue for housing projects undertaken pursuant to Chapter 157 of the General Statutes. Otherwise, a city council may not expend state or local tax revenue pursuant to this section for a purpose not expressly authorized by G.S. 160A-209 unless the issue is first submitted to a vote of the people as provided therein."

Sec. 3. This act shall become effective July 1, 1983

Note: This bill is unnecessary if "An Act To Allow Localities To Levy Ad Valorem Taxes For Housing Programs" is enacted.



A BILL TO BE ENTITLED  
AN ACT TO REPEAL THE REQUIREMENT FOR A CERTIFICATE OF CONVENIENCE  
AND NECESSITY FROM THE UTILITIES COMMISSION BEFORE A HOUSING  
AUTHORITY CAN EXERCISE THE POWER OF EMINENT DOMAIN

The General Assembly of North Carolina enacts:

Section 1. G.S. 157-51 is repealed.

Sec. 2. This act is effective upon ratification.

"§157-51. Certificate of convenience and necessity required; right of appeal; investigation of projects. Notwithstanding any finding of public convenience and necessity, either in general or specific, by the terms of this Article, the right of eminent domain shall not be exercised unless and until a certificate of public convenience and necessity for such project has been issued by the Utilities Commission of North Carolina, and the proceedings leading up to the issuing of such certificate of public convenience and necessity, and the right to appeal therefrom shall be as now provided by law and said rights are hereby expressly reserved to all interested parties in said proceedings. In addition to the powers now granted by law to the Utilities Commission of North Carolina, the said Utilities Commission is hereby vested with full power and authority to investigate and examine all projects set up or attempted to be set up under the provisions of this Article and determine the question of the public convenience and necessity for said project. (1935, c. 409, s. 4.)"



A BILL TO BE ENTITLED

AN ACT TO REQUIRE LESSORS OF MOBILE HOME LOTS TO OFFER SIX-MONTH LEASES  
AND TO PROVIDE THAT THE LESSOR MAY NOT TERMINATE A SIX-MONTH MOBILE HOME  
LOT LEASE EXCEPT BY PROPER WRITTEN NOTICE.

The General Assembly of North Carolina enacts:

Section 1. Article 1 of Chapter 42 is amended by adding a new section  
to read:

"§42-14.1. Lessor of mobile home lot required to offer six-month rental  
term; termination of six-month lease. Any person who offers to rent real prop-  
erty for occupation by a mobile home, as defined in G.S. 143-145(7), for a term  
less than six months shall also offer to rent the same property for occupation  
by a mobile home at a fixed rate for a term of six months. The rental rate for  
a six-month term may not exceed the amount equal to six times the monthly rental  
rate for terms less than six months. A rental agreement for a six-month term  
shall provide that, unless the tenant breaches the agreement, the lessor may  
terminate the tenancy only by giving the tenant a written notice to quit at  
least 30 days before the end of the original term or any subsequent term. This  
section applies only to lessors who offer to rent at least twenty-five lots in  
the same mobile home park."

Sec. 2. This act shall become effective July 1, 1983.





A BILL TO BE ENTITLED  
AN ACT TO APPROPRIATE FUNDS FOR A PILOT PROGRAM  
TO ASSIST ELDERLY, LOW-INCOME HOMEOWNERS IN MAKING HOME REPAIRS

The General Assembly of North Carolina enacts:

Section 1. There is appropriated from the General Fund to the Division of Aging of the Department of Human Resources the sum of three hundred thousand dollars (\$300,000) for fiscal year 1983-1984 to make grants to cities and counties to establish a pilot program to provide financial assistance to elderly, low-income homeowners to enable these homeowners to repair their homes, provided a like amount is raised by cities or counties from non-state funds to match this appropriation on a dollar-for-dollar basis. Cities and counties may, from time to time, apply to the Division of Aging for the funds appropriated by this act as they raise the required matching funds. No grant recipient, however, may receive more than thirty-five thousand dollars (\$35,000) of this appropriation per year. Any unexpended funds remaining at the end of fiscal year 1983-1984 shall not revert to the General Fund but shall remain available to the Department for this program during fiscal year 1984-1985.

Sec. 2. The following definitions apply to this act:

(1) "Disposable income" means adjusted gross income as defined in G.S. 105-141.3 plus all other monies received from any source except gifts or inheritances received from a spouse, a lineal ancestor, or a lineal descendant. For married individuals who live with their spouses, the disposable income of

both spouses must be included, regardless of whether the property is in both names.

(2) "Elderly, low-income homeowner" means an individual aged sixty (60) or over whose disposable income for the 1982 calendar year did not exceed nine thousand dollars (\$9,000) and who holds legal or equitable title to his home. For married individuals who own their home jointly, only one spouse is required to meet the age qualification.

Sec. 3. Cities and counties may appropriate funds to match the appropriation made by this act.

Sec. 4. The Department of Human Resources shall adopt rules to implement this act, including the maximum amount of a recipient's allocation that may be used for administration. In selecting grant recipients, the Department shall give preference to recipients who are likely to be able to continue the program without additional funding from the state. However, this selection process shall give equal consideration to recipients initiating new programs.

Sec. 5. This act shall become effective July 1, 1983.

A RESOLUTION REGARDING

ZONING CONSIDERATIONS FOR MOBILE AND MODULAR HOUSING IN NORTH CAROLINA

RESOLVED by the Commission to Study Housing Programs in North Carolina that:

Section 1. Traditionally, zoning and land use of cities has been made the prerogative of local government; the Commission does not recommend any changes to this system. The Commission does recommend, however, that the city and county governments, for the purpose of zoning, treat manufactured housing, both modular and mobile homes, equally with housing built on site. In making zoning decisions, city and county officials should consider allowing homes built to the National Manufactured Housing Construction and Safety Standards Act to be located in the single-family zone when they are aesthetically compatible with other homes in the neighborhood.

Sec. 2. Copies of this Resolution shall be sent by the Office of State Budget and Management in its capacity as Commission staff, to the North Carolina Association of County Commissioners and the North Carolina League of Municipalities.



A RESOLUTION REGARDING  
FINANCING OF MOBILE HOMES BY THE NORTH CAROLINA HOUSING FINANCE AGENCY

RESOLVED by the Commission to Study Housing Programs in North Carolina that:

Section 1. The Commission recommends that the North Carolina Housing Finance Agency include mobile homes in its programs. Specifically, the Commission recommends that single-family bonds be issued in which mobile homes are included as eligible dwelling units, provided that reasonable guidelines are included to protect the marketability of the bonds.

Sec. 2. A copy of the resolution shall be sent by the Office of State Budget and Management, acting in its capacity as Commission staff, to the North Carolina Housing Finance Agency.



A JOINT RESOLUTION MEMORIALIZING CONGRESS  
TO PASS LEGISLATION AUTHORIZING TAX DEDUCTIONS  
FOR MONEY SAVED FOR PURCHASE OF A HOME

Whereas, escalating home prices have resulted in a significant increase in the downpayment required to purchase a home.

Whereas, the lack of funds for a downpayment has reduced the number of persons able to buy a home.

Whereas, this reduced volume of home purchases has impeded the improvement of housing and has had a regressive effect upon the economy.

Whereas, in the 97th Congress, bills such as H.R. 2033, H.R. 3061, H.R. 3785, H.R. 4752, H.R. 5926, and H.R. 7257 were introduced to allow Individual Housing Accounts.

Now therefore, be it resolved by the House of Representatives, the Senate concurring:

Section 1. The North Carolina General Assembly urges the Congress of the United States to pass legislation allowing a tax-deduction for monies set aside for purchase of a principal residence.

Sec. 2. The Secretary of State shall send a certified copy of this resolution to the members of the United States Congress representing North Carolina and to the Clerk of the U.S. House of Representatives and the Secretary of the U.S. Senate.

Sec. 3. This resolution is effective upon ratification.





APPENDIX III

SUPPLEMENTARY DOCUMENTS



III.3  
NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE SERVICES OFFICE  
2129 STATE LEGISLATIVE BUILDING  
RALEIGH 27611



JOHN L. ALLEN, JR.  
LEGISLATIVE SERVICES OFFICER  
GEORGE R. HALL, JR.  
ADMINISTRATIVE OFFICER  
FRANK R. JUSTICE  
DIRECTOR OF FISCAL RESEARCH  
TERRENCE D. SULLIVAN  
DIRECTOR OF RESEARCH  
MICHAEL CROWELL  
DIRECTOR OF LEGISLATIVE DRAFTING

January 11, 1983

LEGISLATIVE SERVICES OFFICE  
TELEPHONE: 733-7044  
FISCAL RESEARCH DIVISION  
TELEPHONE: 733-4910  
LEGISLATIVE DRAFTING DIVISION  
TELEPHONE: 733-6660

MEMORANDUM

TO: Representative Ruth E. Cook, Chairwoman  
Commission to Study Housing Programs in  
North Carolina

FROM: Beth A. Christensen *BAC*  
Fiscal Research Division

SUBJECT: Estimated costs of Housing Study Commission  
proposals

Per your request, the following is a list of the  
estimated costs of the proposals of the Housing Study  
Commission.

	<u>1983-84</u>	<u>1984-85</u>
1. Housing specialist positions (7) and related costs	\$ 224,000	\$ 224,000
2. Home ownership assistance pilot program	1,000,000	
3. Multi-family rental housing construction pilot program	1,000,000	
4. Older adults home improvement pilot program	300,000	
5. Housing Commission (includes members' per diem and sub- sistence, staff and related costs)	75,000	75,000

If you need further information or have any questions,  
please let me know.

III.4  
NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE SERVICES OFFICE  
2129 STATE LEGISLATIVE BUILDING  
RALEIGH 27611




JOHN L. ALLEN, JR.  
LEGISLATIVE SERVICES OFFICER

December 1, 1982

LEGISLATIVE SERVICES OFFICE  
TELEPHONE: 733-7044  
ADMINISTRATIVE DIVISION  
TELEPHONE: 733-7044  
FISCAL RESEARCH DIVISION  
TELEPHONE: 733-4910  
GENERAL RESEARCH DIVISION  
TELEPHONE: 733-2578  
BILL DRAFTING DIVISION  
TELEPHONE: 733-6660

MEMORANDUM

TO: Representative Ruth Cook, Chairman  
N. C. Housing Programs Study Commission

FROM: Dave Crotts   
Fiscal Research Division

SUBJECT: Fiscal Effect from Repealing \$200  
Interest Exclusion

The 1980 General Assembly enacted a state personal income tax exclusion of up to \$200 for interest earned on deposits in banks, savings and loan associations, and credit unions located in North Carolina. At that time the Revenue Department estimated the annual effect on General Fund tax revenue at \$6.0 million. We have had recent discussions with the Revenue Department and we agree that based on the current information available that repealing the exclusion beginning with the 1983 income year would generate an additional \$6.9 million of General Fund tax revenue for the 1983-84 fiscal year.



North Carolina General Assembly  
House of Representatives  
State Legislative Building  
Raleigh 27611

RUTH E. COOK  
15TH DISTRICT—WAKE COUNTY  
HOME ADDRESS: 3413 CHURCHILL ROAD  
RALEIGH, NORTH CAROLINA 27607

COMMITTEES:

APPROPRIATIONS BASE BUDGET COMMITTEE  
ON HUMAN RESOURCES  
CHAIRMAN  
APPROPRIATIONS EXPANSION BUDGET  
COMMITTEE ON HUMAN RESOURCES  
VICE CHAIRMAN  
HUMAN RESOURCES  
VICE CHAIRMAN  
MENTAL HEALTH  
VICE CHAIRMAN  
BANKS & THRIFT INSTITUTIONS  
CORRECTIONS  
JUDICIARY I  
PUBLIC UTILITIES

December 1, 1982

The Honorable Jimmy Green  
Legislative Office Building  
Raleigh, North Carolina

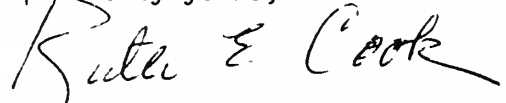
Dear Mr. Green:

During the past year, we have had the privilege of serving on the Commission to Study Housing Programs in North Carolina. The 1981 General Assembly created the Commission to study the State's past, present, and future housing policies; the effect of the State's housing programs on North Carolina's economy, including the home-building industry, the supply of housing mortgage funds, and the cost of capital in the private sector; and the effectiveness of the State's housing programs in meeting the housing needs of its citizens, including reducing the number of substandard housing units, increasing the number of standard units, and reducing the lifetime costs of housing and improving the safety of housing. The members of the study commission have worked diligently to consider the wide-range of housing problems confronting the citizens of North Carolina.

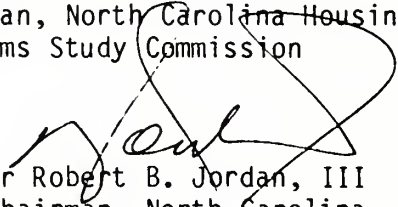
One of the recommendations of the Commission to Study Housing Programs is the establishment of a standing legislative committee on Housing in the North Carolina House of Representatives and in the North Carolina Senate. The request for the establishment of a legislative committee on Housing developed from two of the Commission's findings. First, we know the General Assembly deals with a multitude of housing problems every legislative session. In recent years, legislators have grappled with the need for improved housing conditions for many thousands of North Carolinians currently living in physically inadequate housing, the need for maximizing homeownership possibilities for all our citizens, particularly young families and first time home buyers, and the need for a strong and healthy housing industry. Secondly, many of the State's housing leaders told members of the Housing Programs Study Commission of the need for a housing focus in the North Carolina House of Representatives and in the North Carolina Senate, where legislators can take a comprehensive and coordinated look at the State's housing efforts.

As a result of the Commission's findings, we are respectfully requesting the establishment of a Committee on Housing in the North Carolina Senate.

Respectfully yours,

A handwritten signature in cursive script, appearing to read "Ruth E. Cook".

Representative Ruth E. Cook  
Chairman, North Carolina Housing  
Programs Study Commission

A handwritten signature in cursive script, appearing to read "Robert B. Jordan, III".

Senator Robert B. Jordan, III  
Vice Chairman, North Carolina  
Housing Programs Study Commission





North Carolina General Assembly  
House of Representatives  
State Legislative Building  
Raleigh 27611

RUTH E. COOK  
15TH DISTRICT—WAKE COUNTY  
HOME ADDRESS: 3413 CHURCHILL ROAD  
RALEIGH, NORTH CAROLINA 27607

December 1, 1982

COMMITTEES:  
APPROPRIATIONS BASE BUDGET COMMITTEE  
ON HUMAN RESOURCES  
CHAIRMAN  
APPROPRIATIONS EXPANSION BUDGET  
COMMITTEE ON HUMAN RESOURCES  
VICE CHAIRMAN  
HUMAN RESOURCES  
VICE CHAIRMAN  
MENTAL HEALTH  
VICE CHAIRMAN  
BANKS & THRIFT INSTITUTIONS  
CORRECTIONS  
JUDICIARY I  
PUBLIC UTILITIES

The Honorable Liston B. Ramsey  
Speaker of the House  
Walnut Creek Road  
Marshall, North Carolina 28753

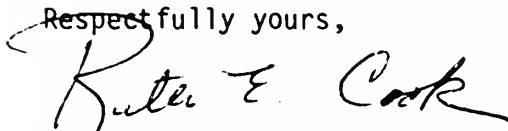
Dear Mr. Ramsey:

During the past year, we have had the privilege of serving on the Commission to Study Housing Programs in North Carolina. The 1981 General Assembly created the Commission to study the State's past, present, and future housing policies; the effect of the State's housing programs on North Carolina's economy, including the home-building industry, the supply of housing mortgage funds, and the cost of capital in the private sector; and the effectiveness of the State's housing programs in meeting the housing needs of its citizens, including reducing the number of substandard housing units, increasing the number of standard units, and reducing the lifetime costs of housing and improving the safety of housing. The members of the study commission have worked diligently to consider the wide-range of housing problems confronting the citizens of North Carolina.

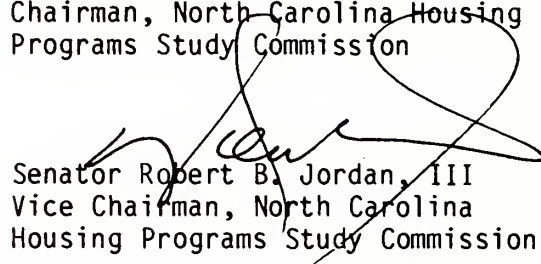
One of the recommendations of the Commission to Study Housing Programs is the establishment of a standing legislative committee on Housing in the North Carolina House of Representatives and in the North Carolina Senate. The request for the establishment of a legislative committee on Housing developed from two of the Commission's findings. First, we know the General Assembly deals with a multitude of housing problems every legislative session. In recent years, legislators have grappled with the need for improved housing conditions for many thousands of North Carolinians currently living in physically inadequate housing, the need for maximizing homeownership possibilities for all our citizens, particularly young families and first time home buyers, and the need for a strong and healthy housing industry. Secondly, many of the State's housing leaders told members of the Housing Programs Study Commission of the need for a housing focus in the North Carolina House of Representatives and in the North Carolina Senate, where legislators can take a comprehensive and coordinated look at the State's housing efforts.

As a result of the Commission's findings, we are respectfully requesting the establishment of a Committee on Housing in the North Carolina House of Representatives.

Respectfully yours,

A handwritten signature in cursive script, appearing to read "Ruth E. Cook".

Representative Ruth E. Cook  
Chairman, North Carolina Housing  
Programs Study Commission

A large, stylized handwritten signature in cursive script, appearing to read "Robert B. Jordan, III".

Senator Robert B. Jordan, III  
Vice Chairman, North Carolina  
Housing Programs Study Commission





North Carolina General Assembly  
House of Representatives  
State Legislative Building  
Raleigh 27611

RUTH E. COOK  
15TH DISTRICT—WAKE COUNTY  
HOME ADDRESS: 3413 CHURCHILL ROAD  
RALEIGH, NORTH CAROLINA 27607

January 14, 1983

Mr. John L. Sanders, Director  
Institute of Government  
University of North Carolina  
Chapel Hill, North Carolina

COMMITTEES:  
APPROPRIATIONS BASE BUDGET COMMITTEE  
ON HUMAN RESOURCES  
CHAIRMAN  
APPROPRIATIONS EXPANSION BUDGET  
COMMITTEE ON HUMAN RESOURCES  
VICE CHAIRMAN  
HUMAN RESOURCES  
VICE CHAIRMAN  
MENTAL HEALTH  
VICE CHAIRMAN  
BANKS & THRIFT INSTITUTIONS  
CORRECTIONS  
JUDICIARY I  
PUBLIC UTILITIES

Dear Mr. Sanders:

The Commission to Study the Housing Programs in North Carolina was charged by the 1981 General Assembly with evaluating housing in the State and returning recommendations to the Governor and 1983 General Assembly. The Commission is nearing completion, and as one of its recommendations proposes a statewide minimum housing code. In conjunction with such a code, we believe that the state could provide assistance to localities by helping to train housing inspectors.

In this regard, the Commission requests that the Institute of Government develop a course of instruction for the training of housing inspectors. This request is predicated on the fact that the Institute has had significant involvement in the area of building and housing codes, and has in fact already done course development work in this area. Based on our discussion with Mr. Phillip Green of the Institute staff, we would envision training a number of instructors from the community college system so that the course could be offered statewide. Attached you will find a copy of the Commission's report which describes the minimum housing code being proposed. Any other necessary information can be obtained by contacting Mr. Robert Brinson of our staff at (919) 733-7061.

We appreciate the valuable assistance provided by the Institute during the Commission study, and thank you in advance for your help in this matter.

Sincerely,

*Ruth E. Cook*  
Representative Ruth E. Cook  
Chairman, Commission to Study the  
Housing Programs in North Carolina



## HOUSING CENSUS FACT SHEET

The 1980 Census provides some useful data on housing in North Carolina, including the following:

General Characteristics

- The state's population should continue to grow at 1.3% per year for the rest of the century, yielding 1.8 million additional people by the year 2000.
- Much of the new growth will be in the 30-44 year age group.
- Additional growth will be in the over 65 age group.
- The number of persons per household in North Carolina has decreased from 3.78 in 1960 to 2.88 in 1980.
- 17.3% of the state's housing stock is over 40 years old.
- 37% of the state's houses draw their water supply from wells, compared to 15% nationally.
- 47% of the state's houses use septic systems or cesspools compared to 24% nationally.
- 30% of the state's houses are not centrally heated.
- 40% of North Carolinians heat with fuel oil or kerosene, 29% with electricity, 16% with gas and 8% with wood.

Owner Characteristics

- 68.4% of the state's houses are owner-occupied.
- North Carolina has a higher percent of owned houses than the national average.
- North Carolina home values are less than the national average.
- The median home value in North Carolina is \$36,000.
- 14.7% of the state's owner-occupied houses are valued at less than \$20,000.

- On homes that are mortgaged, the median monthly cost of housing is \$319; on those homes without a mortgage, the median monthly cost of housing is \$111.
- The vacancy rates statewide for owned houses is slightly lower than the national average.

#### Rental Characteristics

- 31.6% of occupied houses in North Carolina are rental units.
- Rental rates are less than the national average.
- Median rental value in North Carolina is \$134 per month.
- 9.2% of the state's rental units rent for less than \$50 per month.
- Rental vacancy rates are slightly higher than the national average.
- 9% of the state's rental units have no baths or only a half-bath.

#### Substandard Characteristics

- North Carolina ranks 7th in the U.S. in houses without complete plumbing facilities; 5.2% lack complete plumbing. (See pages III.14 and III.15.)
- 4.5% of the state's houses have more than 1.01 persons per room. This factor, together with the lack of complete plumbing, constitute the Census definition of substandard housing.
- The northeastern counties have the highest percentage of households lacking complete plumbing facilities. (See page III.13.)
- 5% of North Carolina houses do not have complete kitchen facilities; the national average is 3%.

TWENTY-FIVE NORTH CAROLINA COUNTIES HAVING AT LEAST  
11.2 PERCENT OF 1980 HOUSEHOLDS LACKING COMPLETE PLUMBING  
FOR EXCLUSIVE USE

COUNTY	PERCENT
Gates	22.9
Warren	21.5
Madison	21.2
Northampton	21.2
Bertie	20.5
Hyde	19.5
Caswell	18.9
Franklin	18.9
Greene	18.9
Halifax	17.5
Granville	17.1
Hertford	15.2
Jones	14.9
Tyrell	14.9
Pamlico	13.8
Anson	13.7
Yancy	13.3
Bladen	13.2
Vance	12.4
Camden	12.2
Martin	12.0
Person	11.8
Nash	11.4
Pender	11.3
Duplin	11.2

STATES HAVING HIGHER PERCENTAGE OF 1980 HOUSEHOLDS  
WITHOUT COMPLETE PLUMBING FACILITIES THAN  
THE AVERAGE FOR THE UNITED STATES

<u>STATE</u>	<u>PERCENT*</u>	<u>RANK</u>
Alaska	12.2	1
Kentucky	7.5	2
Mississippi	7.2	3
West Virginia	6.9	4
Maine	5.8	5
Arkansas	5.3	6
Alabama	5.2	7
North Carolina	5.2	7
South Carolina	5.1	8
Virginia	5.1	8
New Mexico	4.8	9
Tennessee	4.6	10
South Dakota	4.3	11
North Dakota	4.2	12
Georgia	3.8	13
Montana	3.4	14
Vermont	3.3	15
Louisiana	3.1	16
Missouri	3.0	17
New York	2.9	18
Minnesota	2.8	19
U.S. Average	2.7	

\*Percent of 1980 Households Lacking Complete Plumbing for Exclusive Use.

## SELECTED HOUSING CHARACTERISTICS FOR NORTH CAROLINA AND SURROUNDING STATES - 1980

STATES	YEAR-ROUND HOUSING UNITS											
	Total Housing Units	Percent Lacking Complete Plumbing For Ex-clusive Use	Occupied						Vacancy Rate			
			Owner			Renter			Home-owner Rental			
			Total	Lacking Complete Plumbing For Ex-clusive Use	Median Value (\$)	Specified Owner	Total	Lacking Complete Plumbing For Ex-clusive Use				Median Contract Rent (\$)
United States	(000) 88,397	(000) 86,678	5.1	2.7	(000) 52,787	701,058	\$47,200	(000) 28,591	1,043	\$198	1.8	7.1
North Carolina	2,271	2,220	5.1	5.2	1,396	32,927	\$36,000	645	50,072	\$134	1.5	7.8
Virginia	2,021	1,998	5.5	5.1	1,221	38,780	\$48,000	641	39,961	\$207	1.7	6.5
Tennessee	1,747	1,737	5.2	4.6	1,110	30,410	\$35,600	508	29,396	\$148	1.7	7.9
South Carolina	1,154	1,121	5.2	5.1	723	15,805	\$35,100	307	26,305	\$130	1.6	8.9
Georgia	2,028	2,012	5.2	3.8	1,217	20,717	\$36,900	655	38,783	\$153	1.7	7.9

Source: 1980 Census of Housing - Selected Housing Characteristics by States and Counties:  
1980 HC80-S1-1, United States Department of Commerce Bureau of the Census.





APPENDIX IV

LIST OF SPEAKERS



### IV.3

#### LIST OF SPEAKERS TO THE COMMISSION

ROBERT ANDERSON- Counsel, State Banking Commission

KROGHIE ANDRESEN- Senior Vice President, Income Property Division, Cameron Brown Corporation

DOROTHY ALLEN- Wake Opportunities, Inc., Raleigh

SANDRA BABB- Director of Community Assistance Division, Department of Natural Resources and Community Development

\* FRED BAGGETT- North Carolina League of Municipalities

WILLIAM BENTON- Anderson Benton & Holmes, Winston-Salem

JAMES BICHSEL- Executive Vice President, North Carolina Association of Realtors

THURMAN BURNETTE- Rural Housing Chief for North Carolina, Farmers Home Administration

FLOYD CARTER- Executive Director, Raleigh Housing Authority

BRUCE CAUTHEN- Senior Vice President for Subsidized Housing, North Hills, Inc., Raleigh

BETH CHRISTENSEN- Fiscal Research Division, North Carolina General Assembly

JOHN CROSLAND, JR.- President, John Crosland Company, Charlotte

DOUG CULBRETH- Director, Energy Division, North Carolina Department of Commerce

JAMES CURRIE- Commissioner, State Banking Commission

KEN DIXON- North Carolina Department of Insurance

\* DR. DONALD E. ENSLEY- East Carolina University

DAVID FALK- Drucker and Falk Company, Raleigh

KAY FIELDS, Section Chief for Assistance Payments, Division of Social Services, Department of Human Resources

#### IV.4

- \* WILLIAM FINGER- North Carolina Center for Public Policy Research
- \* BRENT GLASS- Durham Neighborhood Housing Services
- \* FRANK GRAY- North Carolina Manufactured Housing Institute
- \* NAOMI GREEN- National Welfare Rights Organization
- PHILLIP GREENE- Institute of Government
- REBECCA GRIFFIN- North Carolina Manufactured Housing Institute
- \* BUTCH GUNNELLS- Association of County Commissioners
- BILLY RAY HALL- Assistant Secretary for Policy, Department of Natural Resources and Community Development
- \* EUGENE HAFFER- Eagles, Hafer and Hall, North Carolina Realtors Association
- GEORGE HAYWORTH- Senior Vice President, Wachovia Mortgage Company, Winston-Salem
- ALAN HIRSCH- North Carolina Attorney General's Office
- AL JOHNSON- Economist, Investment Company Institute, Washington, D.C.
- \* CHARLES JOHNSON- Legal Services, Charlotte
- ALAN JONES- Director, Wilmington Housing Authority
- ROBERT JONES- Vice President, FHA Multi-Family Department, Cameron Brown Corporation, Charlotte
- GARY PAUL KANE- Executive Director, North Carolina Housing Finance Agency
- HAROLD KEEN- Treasurer, Smithfield Savings and Loan, Smithfield
- GEORGE KING- Administrator, North Carolina Savings and Loan Division, Department of Commerce
- THOMAS LITTLE- Developer/Builder, Greenville
- WILLIAM LOTT- Field Service Officer, Neighborhood Reinvestment, Wrightsville Beach
- ROBERT V. MATHISON- Commissioner, The President's Commission on Housing

#### IV.5

CHRISTOPHER MOORE- Deputy Treasurer, North Carolina Treasurer's Office

JACK MURDOCH- North Carolina Department of Transportation

SAMUEL PARKER- Director, Madison County Housing Authority

JAMES T. QUINN- North Carolina Housing Finance Agency

\* BETTY CHAFIN RASH, former Charlotte City Council Member

DAVID REYNOLDS- Attorney, North Carolina League of Municipalities

\* J. WATTS ROBERSON- North Carolina Homebuilders

A. C. ROBBINS- President, North Carolina Association of Realtors

\* DONALD SAUNDERS, Legal Services of North Carolina

LOUISE SELLARS- President of Neighborhood Organization in Charlotte  
Community Development Block Grant Area

\* MICHAEL SMITH, North Carolina Commission of Indian Affairs

RAY SPARROW- Builder, Raleigh

\* PAUL STOCK- Executive Vice President North Carolina Savings and Loan League

OWEN THARRINGTON- North Carolina Department of Insurance

ROGER WALDON- Housing Specialist, Triangle J Council of Government

REBECCA WILLIAMS- Private Housing Consultant

---

\* Appeared at the Public Hearing held November 16, 1982.

---

#### IV.6

The following organizations and individuals provided written comments to the Commission:

WILLIAM C. BYRD- East Carolina University

WILLIE MAE CARNEY- Bethel

NANCY FERRARO- Charlotte

PHILLIP FISHER- North Carolina Real Estate Licensing Board

JOHN GARLAND- Legal Services of the Coastal Plains, Ahoskie

D. D. GARRETT- Greenville

HATTIE HARRIS- Charlotte

RON LEEPER- North Carolina Black Elected Officials, Charlotte

LEON MANN, JR.- Carteret Community Action, Inc.

J. E. SIRRINE COMPANY- Research Triangle Park

B. LEON SKINNER- Burgaw

ERNEST SWAIN- Neighborhood Housing Services, Wilmington

WESTERN PIEDMONT COUNCIL OF GOVERNMENTS- Hickory

RAY H. WHEELING- Charlotte Housing Authority

APPENDIX V

SUMMARY OF STATE INVOLVEMENT IN HOUSING





NORTH CAROLINA GOVERNMENT INVOLVEMENT IN HOUSING

Housing related activities are administered by eleven (11) different departments within state government. The programs range from the issuance of over \$200 million of tax-exempt bonds to purchase mortgages, to the regulation of domestic septic tanks and water supplies. There is now no central agency or mechanism to coordinate these programs.

The two principal agencies with housing responsibilities are the Housing Finance Agency and the Division of Community Assistance of the Department of Natural Resources and Community Development. A brief summary of the activities of these two agencies follows. Other programs are listed in the chart on page V.6.

The North Carolina Housing Finance Agency was created by the State Legislature in 1973 to work with private lending institutions in providing mortgage financing for low and moderate income families. The agency obtains funds to make mortgage loans by selling tax-exempt revenue bonds. These revenues are then used to purchase mortgages from private lenders at below-market interest rates. The HFA is located within the Office of the Governor, but does not use any state funds for its operating costs.

The single-family program is one of the state housing efforts administered by the HFA. This has provided funds for the purchase of nearly 4,200 single-family residences. Families and individuals of low and moderate income apply for mortgages through private lending institutions. The agency then purchases

these mortgages on final closing from the lender. The funds may be used to buy new or existing homes.

The HFA multi-family program has three components which provide financing for construction and rehabilitation of multi-family units and for the administration of rental assistance on apartment units. Under the Multi-Family Mortgage Purchase Program, the HFA has made two tax-exempt bond issues which have supplied permanent financing for over 2,200 apartment units. Under the Multi-Family Construction Loan Program, the agency has one \$7 million bond issue which supplied the construction financing for six projects, a total of 2,363 units.

The Section 8 Housing Assistance Program is a federally funded effort which provides rent subsidies to eligible low-income families who live in approved units. The HFA administers this program on all the multi-family units it has financed and approximately 850 units which it has not financed.

In addition, the HFA operates a Home Improvement Loan Program. A \$3 million bond issue was recently made to provide home improvement loans to homeowners. The proceeds, in combination with other funds, will make it possible to offer interest rates ranging from one (1) to twelve (12) percent to over 340 homeowners.

Other HFA programs include provision of technical assistance through four housing development officers and the Appalachian Regional Commission Housing Program.

The Division of Community Assistance (DCA) in the Department of Natural

Resources and Community Development (NRCD) also administers a major portion of the state's housing activities. In 1982, DCA assumed the administration of the Small Cities Community Development Block Grant from the federal Department of Housing and Urban Development. The purpose is to develop viable communities by helping to provide decent housing and a suitable living environment, principally for people of low and moderate incomes. Under this program, a total of \$25.9 million has been allocated in North Carolina for community revitalization. This consists of such activities as water and sewer line construction and loans for housing rehabilitation.

The 107 Technical Assistance Program was created to help local governments manage the CDBG funds. Its services have included the publication of handbooks, training of local government staffs in workshops and assistance in designing programs.

Zoning and Subdivision Regulation Technical Assistance provides help on request to local governments in land use, community development or public management. During 1980-1981, assistance was provided to 243 of the state's 437 municipalities and 61 of its 100 counties.

## NORTH CAROLINA STATE GOVERNMENT DEPARTMENTS WITH HOUSING RESPONSIBILITIES

<u>Department/Division, Council, Etc.</u>	<u>Housing Programs</u>	<u>Regulatory Responsibilities</u>	<u>Data Collection</u>
Department of Administration Human Relations Council Commission of Indian Affairs Office of Policy and Planning	fair housing assistance Section 8 "existing"		(a) Governor's Commission on Housing Options for Older Adults (1981) (b) The Commission on the future of North Carolina
Division of Veterans Affairs	VA loans (field assistance)		
Department of Commerce Savings and Loan (S&L) and Banking Commissions; S&L Division Energy Division		regulation of mortgage lenders	
	weatherization assistance		
Department of Cultural Resources Division of Archives and History	assistance with historic properties		
Office of the Governor Housing Finance Agency	single family and multifamily financing assistance, Appalachian Regional Commission, Section 8		
Office of State Budget and Management			(a) N.C. State Data Center (b) Housing Study Commission Staff (1982)
Department of Human Resources Operations Section			Title XX survey (last updated 1981)
Division of Health Services		wells and septic tank standards	
Division of Aging	home repair assistance for the elderly; housing consultation service		

<u>Department/Division, Council, Etc.</u>	<u>Housing Programs</u>	<u>Regulatory Responsibilities</u>	<u>Data Collection</u>
Department of Insurance Engineering and Building Codes Division		(a) Building Code Council (b) Manufactured Housing Board	
Manufactured Housing Board		(a) Licensing manufac- turers and dealers (b) Monitoring consumer complaints	
Department of Justice Consumer Protection Division		Landlord-tenant, real property, mobile homes	
Department of Natural Resources and Community Development			
Division of Community Assistance	(a) CDBG small cities program (b) Section 107 technical assistance program	zoning and subdivision regulation assistance	
Division of Envir. Mngmt. Division of Land Resources	clean water bonds	Sedimentation Control Commission Coastal Resources Commission (land use plans and permits)	
Office of Coastal Management			
Department of Revenue Ad Valorem Tax Division		property tax	
Department of Transportation Division of Highways	relocation program	subdivision road standards	
Department of State Treasurer Investment Banking Division		management of state pension funds	
State and Local Government Finance		Local Government Commission (bond approval)	

-----  
 (The information in this chart is reprinted, with some additions, through the courtesy of  
 NORTH CAROLINA INSIGHT magazine of the N.C. Center for Public Policy Research, P.O. 430,  
 Raleigh, NC 27602.)





